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Official Committee Hansard

SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT
LEGISLATION COMMITTEE

ESTIMATES

(Additional Estimates)

MONDAY, 13 FEBRUARY 2006

CANBERRA

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SENATE
RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION
COMMITTEE

Monday, 13 February 2006

Members: Senator Heffernan (*Chair*), Senator McEwen (*Deputy Chair*), Senators Ferris, Milne, Nash and Sterle

Senators in attendance: Senators Ferris, Heffernan, Hogg, Johnston, Joyce, Ian Macdonald, McEwen, McLucas, Milne, Nash, O'Brien, Sterle and Stephens

Committee met at 9.04 am

TRANSPORT AND REGIONAL SERVICES PORTFOLIO

In Attendance

Senator Ian Campbell, Minister for the Environment and Heritage

Department of Transport and Regional Services

Departmental Executive

Mr Mike Taylor, Secretary

Mr Mike Mrdak, Deputy Secretary

Ms Susan Page, Deputy Secretary

Mr Andrew Tongue, Deputy Secretary

Corporate Services

Mr Jeremy Chandler, Executive Director, Corporate Services

Mr Simon Ash, Chief Financial Officer, Corporate Services

Ms Sharon Field, General Manager, People and Planning

Mr David Banham, Chief Information Officer

Portfolio Strategic Policy and Projects

Mr Phil Potterton, Executive Director, Bureau of Transport and Regional Economics

Dr Andy Turner, General Manager, Regional Research and Statistics

Dr Anthony Ockwell, General Manager, Strategic Transport Policy Development

AusLink

Ms Leslie Riggs, Executive Director, AusLink

Mr John Elliott, General Manager, AusLink Planning

Mr Robert Hogan, General Manager, Auslink Road Investment

Ms Joan Armitage, General Manager, AusLink Systems and Regional Investment

Mr Jim Wolfe, General Manager, AusLink Rail Investment

Maritime and Land Transport

Mr Andrew Wilson, Executive Director, Maritime and Land Transport

Mr Peter Robertson, General Manager, Vehicle Safety Standards

Mr Michael Sutton, General Manager, Maritime

Mr Stewart Jones, General Manager, Transport Integration and Reform

Australian Transport Safety Bureau

Mr Kym Bills, Executive Director, Australian Transport Safety Bureau

Mr Joe Motha, General Manager, Safety Research and Education

Mr Julian Walsh, Acting Deputy Director, Aviation Safety Investigation

Office of Transport Security

Mr John Kilner, Acting Executive Director, Office of Transport Security

Mr Darren Crombie, General Manager, Aviation Security

Mr Richard Windeyer, General Manager, Aviation Security Task Force

Ms Vicki Dickman, General Manager, Regional Aviation and Air Cargo Security

Mr Maurice Austin, Acting General Manager, Critical Infrastructure and Surface Transport Security

Mr Jeremy Parkinson, Acting General Manager, Maritime Security

Inspector of Transport Security

Mr Mick Palmer, Inspector of Transport Security

Mr Peter Pearsall, Section Head, Office of the Inspector of Transport Security

Civil Aviation Safety Authority

Mr Bruce Byron, Chief Executive Officer,

Mr Bruce Gemmell, Deputy Chief Executive Officer and Chief Operating Officer

Mr Rob Collins, Group General Manager, General Aviation Operations Group

Mr Peter Boyd, Acting Head of the Planning and Governance Office

Mr Patrick Murray, Group General Manager, Air Transport Operations Group

Mr John Goodrick, Manager, Business Development and Deputy Group General Manager, General Aviation Operations Group

Dr Graham Edkins, Group General Manager, Personnel, Licensing, Education and Training Group

Mr Greg Vaughan, Acting Head of Manufacturing, Certification, and New Technologies Office

Mr Peter Ilyk, General Counsel

Mr Chris Farrelley, Chief Information Officer

Ms Betty Edwards, Chief Financial Officer

Mr Gary Harbor, Head of Human Resources

Mr Geoff Kimber, Acting Manager, Corporate Relations

Mr Richard Purdie, Manager, Brisbane Air Transport Operations Field Office

Australian Maritime Safety Authority

Mr Clive Davidson, Chief Executive Officer

Mrs Dianne Rimington, General Manager, Corporate

Aviation and Airports

Mr John Doherty, Executive Director, Aviation and Airports

Mr Neil Williams, General Manager, Airport Planning and Regulation

Ms Marilyn Chilvers, General Manager, Aviation Operations

Mr Richard Wood, Section Head, Aviation Markets

Mr Stuart Sargent, General Manager, Office of Airspace Management

Airservices Australia

Mr Alastair Hodgson, Acting Chief Executive Officer

Mr Ken McLean, General Manager, Air Traffic Control
Mr Jason Harfield, General Manager, Safety Management
Mr Alan Barber, General Manager, Finance
Mr Richard Dudley, General Manager, Corporate Affairs

Regional Services

Ms Carolyn McNally, Executive Director, Regional Services
Dr Leo Dobes, General Manager, Analysis and Performance
Mr Daniel Owen, General Manager, Regional and Indigenous Policy
Dr Gary Dolman, General Manager, Regional Partnerships and Networks
Ms Karen Gosling, General Manager, Sustainable Regions and Operations

Territories and Local Government

Mr Adrian Beresford-Wylie, Acting Executive Director, Territories and Local Government
Mr Barry O'Neill, Acting General Manager, Local Government and Natural Disaster Relief
Ms Anna Clendinning, General Manager, Territories
Mr Richard Magor, Section Head, Norfolk Island and Northern Territory Section

National Capital Authority

Ms Annabelle Pegrum, Chief Executive Officer
Mr Lindsay Evans, Managing Director, Business
Mr Graham Scott-Bohanna, Managing Director, Design
Mr Todd Rohl, Managing Director, Planning and Urban Design
Ms Alison Walker-Kaye, Director, Corporate
Mr Geoff Britt, Chief Finance Officer
Mr Phil Wales, Director, Executive Governance
Mr George Lasek, Director, National Capital Estate
Mr Andrew Smith, Director, National Capital Projects
Mr Peter Byron, Manager, Events and Outreach

[9.05 am]

Department of Transport and Regional Services

CHAIR (Senator Heffernan)—I declare open this public hearing of the Senate Rural and Regional Affairs and Transport Legislation Committee. On Wednesday, 8 February 2006 the Senate referred to the committee the particulars of proposed additional expenditure in respect of the year ending 30 June 2006 for the portfolio areas of transport and regional services and agriculture, fisheries and forestry. Today the committee will commence its examination of additional estimates with the Department of Transport and Regional Services. The committee is required to report to the Senate by Tuesday, 28 March 2006. As agreed, I propose to call on estimates according to the format adopted in the printed program.

I welcome Senator the Hon. Ian Campbell, Minister for the Environment and Heritage, representing the Minister for Transport and Regional Services. Senator Campbell is accompanied by Mr Mike Taylor, the secretary, and other officers of the department and related agencies. Officers are reminded that senators consistently decide by way of continuing resolution that 'there are no areas in connection with the expenditure of public money where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise'.

The Senate has also determined claims to withhold information on the basis of commercial in confidence will not be considered unless it is made by a minister and accompanied by a statement setting out the basis for the claim, including a statement of any commercial harm that may result from its disclosure. Officers are also reminded that an officer of a department of the Commonwealth or state shall not be asked to give opinions on policy matters and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to the minister. Witnesses are reminded that evidence given to the committee is protected by parliamentary privilege. I also remind you that the giving of false or misleading evidence to the committee may constitute contempt of the Senate.

Finally, the committee would like to express its concern about the late submission of answers to questions placed on notice from the previous round of estimates. Only 14 out of 276 answers were received—I know it has been a busy time—by the due date of 16 December. A substantial number of answers were received last Friday, some arriving after 4.30 pm, and more than 50 answers are still outstanding. This is obviously unsatisfactory—and I could use some colourful language, which I will not this morning. It is just a joke. This does not give senators adequate time to consider these answers and pursue follow-up questions. In particular, the committee is concerned that a pattern is developing where the department does not provide answers at the estimates hearing; instead, questions are taken on notice but not answered for several months. This is not acceptable to the committee and we will be monitoring the situation closely. During this estimates round, answers to questions taken on notice and additional information should be received by the committee no later than 6 April 2006. Minister, would you like to make an opening statement, or Mr Taylor, would you like to give us a bit of early morning colour and movement?

Mr Taylor—With your concurrence, I would like to make a few brief comments about developments that have taken place since we last met with the Senate estimates committee. Particularly because there was some detailed discussion about the nature of the structure of the organisation, I would like to outline that we have made and finalised most of the decisions around the senior executive team of the Department of Transport and Regional Services. In particular, we now have our last deputy secretary in place: Mr Andrew Tongue, who is on my right and whose appointment was announced in the last quarter of last year.

Other key changes that have taken place to our structure since the hearings have been the appointment of Carolyn McNally to head up the regional services division; Stuart Sargent, who will now head up the Office of Airspace Management; Sue McIntosh, who has been promoted to the position of General Manager, Critical Infrastructure and Surface Transport Security; Darren Crombie, who has been promoted to the position of General Manager, Aviation Security; and Richard Windeyer, who is now going to be the General Manager of the Aviation Security Task Force. In the area of land transport and maritime, Stewart Jones has been appointed to the transport integration and reform area and Anna Clendinning has been appointed to general manager of the territories branch. Two of our very senior colleagues, Andrew Turner and Tony Ockwell, have transferred to senior positions within the Bureau of Transport and Regional Economics. We have one important vacancy still outstanding with the retirement of Nick Bogiatzis, the General Manager of Aviation Markets. That position is currently being filled on an acting basis, but we would expect to fill it in the very near future.

These changes have been reflected in the portfolio additional estimates document tabled last week.

I will now briefly outline some of the new measures that the department will have responsibility for, particularly security and safety. In a general sense, I want to draw attention to the fact that the department works very closely with the lead agencies on security and safety issues, namely, the Attorney-General's Department and the Australian Federal Police. Security matters clearly dominate our transport work, and the majority of our new aviation security and surface transport measures are aimed at strengthening the considerable progress we have already made in this area. Implementing these new measures in partnership with other agencies and industry will be a major priority for this department for the remainder of 2005-06 and the subsequent out years.

In particular, the new aviation security measures include \$3.6 million to develop a nationally consistent high-quality training framework to improve the capability and security in the aviation industry; some \$5 million for improving international outreach, which, through cooperation, will improve aviation security to international standards at airports, out of which aircraft fly directly into Australia; some \$15.3 million for improving security and crime information exchange, which will help transport industry better understand and better use the threat information on their security planning frameworks; and \$27.1 million over the budget period for strengthening international air cargo security arrangements in Australia, which in particular includes an enhanced cargo inspection regime and which will increase the audits of regulated air cargo agents, build security awareness in the industry and expand the use of technology for screening air cargo. There has also been a commitment of \$6.8 million in capital investment to back these new measures.

Surface transport security is a particularly important area. New measures in this aim to work and assist the states, with \$0.4 million for a surface transport technology review. This will assess the new and emerging technologies to improve surface transport security infrastructure and to arrange thinking for the implementation by owners and operators of such infrastructure. There is also \$1 million to allow the department to work with and liaise with state and territory transport departments, which have prime responsibility for surface transport security. As well, in the wake of the London bombings, the department is working with other state and territory agents to develop a national approach for closed-circuit television in the mass transport passenger sector.

Our key achievements since we last met include the department's implementing the government's regional policy to ensure that the needs of regional and rural communities are being addressed. Some recent achievements include the \$15 million Rural-Medical Infrastructure Fund, which became operational on 1 July. One project has been approved and three more proposals have been assessed since the last hearings. Work is under way to promote the fund to relevant communities. Bank@Post electronic banking facilities have now been installed in 58 licensed post offices, and they are expected to be installed in another 200 by 30 December 2006. Good progress has also been made towards the compulsory national education scheme for P-plate drivers. The New South Wales and Victorian governments, as well as non-governmental bodies, have agreed to test approximately 14,000 drivers, and it is expected the trial will commence in the near future.

AusLink is a major change in the way we deal with road and rail funding, and the AusLink plan—a coordinated approach to planning and funding of Australia's national roads and railways—became effective in the middle of 2005 with the passing of legislation that brought six separate road and rail programs into a single legal framework. Bilateral agreements with the states and territories have now all been signed. In addition to delivering on the initial plan work, work has also begun on the next stages through the preparation of corridor strategies with respective state transport agencies in the light of COAG decisions.

In respect of territories and local governments, there has been important progress made on the intergovernmental agreement on relations between the three tiers of government. A draft text has been prepared by officials for consideration by jurisdictions and also possible consideration by ministers at the Local Government and Planning Ministers Council to be held in April. New local government financial assistance grants have been modified in a way to remove any financial disincentive to amalgamate, and this change was signed by the minister on 7 February 2006.

The bushfire mitigation program, which provided \$5 million for 2004-05, was fully expended, having funded some 1,246 projects. The program funding for 2005-06 is also expected to be fully expended. Bushfire mitigation arrangements within the natural disaster relief arrangements have also been enhanced and modernised and non-controversial changes have been made—in particular, one allowing for the reimbursement of costs for disaster events where arson was involved. The department is also consulting with the states and territories on other issues, including options for incorporating community recovery modules into the NDRA framework.

The Australian Transport Safety Bureau has been doing an extensive range of work in aviation, marine and rail and, in particular, is working hard to improve its turnaround times on investigations. The Office of Transport Security has established a task force which is overseeing the implementation of the recommendations of the Wheeler review on airport security and policing for the government of Australia. As you would recall, following that review the government accepted most of the thrust of it and committed some \$200 million to its implementation. An aviation risk context statement, including the criminality of elements drawing on sector threat assessment, was disseminated by the government to industry in December to help them prepare and be prepared for any risks.

Under the Aviation Transport Security Act and its regulations, there are currently some 189 prescribed air service operators and 187 security controlled airports. The new ASIC program requirements have been extended to all security controlled airports with regular public transport. The ASIC display implementation requirements have been extended until 31 March 2006 while background checking agencies complete checks. The ASIC background-checking criteria have been further strengthened by including a pattern of criminality, and this process will come into effect on 6 March 2006.

Forums have also been held to explain the changes in these new measures, and importantly these have taken place with government and industry, and also on surface transport security, consequence management and maritime security. Importantly, the Trusted Information Sharing Networks for maritime, rail and aviation are continuing to be progressed. Finally,

within this area, under the Regional Airports Funding Program, a total of 71 funding approvals were made valued at over \$15.2 million.

In the case of aviation and airports, the department has continued its support of the Attorney-General's Department and the Australian Federal Police in respect of efforts in Jakarta and Manila to progress agreements on arrangements to improve security issues, especially in the deployment of air security officers on flights from the Philippines, Indonesia, Thailand and Malaysia. The department has led the work that Australia has undertaken with other departments in the review of the current approach to international air services, including issues regarding access to the Pacific route. The government is expected to finalise a policy position on this review some time in the early part of this year. The department has also continued to make progress against the government proposals for airspace reforms and work is proceeding towards the separation of airspace regulatory functions from Airservices Australia. As an initial step, an interim Office of Airspace Management has been established in the department and a new office head has been appointed to finalise the arrangements and guide the transition.

In respect of maritime and land transport, the department has continued to work with state and territory jurisdictions to approve the regulatory regime for road and rail. This culminated in the successful Australian Transport Ministers Council meeting in November, which endorsed productivity improvements for the road industry and made considerable progress in establishing a uniform rail safety regulatory regime.

The department is also working closely with AMSA on the implementation of a national system of maritime emergency towage agreed to by the Australian Transport Council in November 2005. The first set of refinements to the ministerial guidelines covering coastal shipping is close to finalisation. It is also worth noting that a significant package of amendments to maritime safety and environmental legislation was passed by the Senate last week.

The Registered Automotive Workshop Scheme for used imported vehicles has been reviewed. A number of changes to the system and procedures will now be implemented following consultation with the scheme's participants. As well, the review of the Australian design rules for motor vehicles is on track for completion this year. There have now been 40 new or revised vehicle regulations registered on the Federal Register of Legislative Instruments.

I now turn to Indigenous outcomes. As we have discussed before, the needs of Indigenous communities are also a high priority in our department and continue to have my personal support and active assistance. One of my personal responsibilities as the secretary is to sponsor the COAG East Kimberley trial. As part of this, I sit on the reference group with representatives from the communities participating in the trial. These include, in particular, the Shire of Halls Creek and the Western Australian state government. I will be meeting with Western Australian state government officials later this month and with the community at meetings on 9 March.

Together we are working on a range of issues. Our current focus is on housing, stores and youth. To this end, the department is working with partners on the federally funded, state

implemented Fixing Houses for Better Health and Fixing Stores for Better Health initiatives. Importantly, the department also participates in partnership with the government's Indigenous arrangements, including task force groups and subcommittees and in the shared responsibility agreement framework.

As I bring this statement to a close, I want to give importance to the continuing work we have been undertaking within the corporate and financial area, including improving the conditions in which our staff work, which also encompasses the refit of our offices in Canberra, Melbourne Darwin and Sydney.

Finally, I am more than delighted to have all of our colleagues here to answer the committee's questions in respect of overall financial and corporate matters. They will be addressed by Mr Jeremy Chandler and Mr Simon Ash; otherwise, questions on individual programs and activities can be raised with the relevant individual leaders. Thank you for the opportunity to brief on these matters.

Chair, I also recall last time when I made a statement to the committee that you requested whether I could provide a copy, and I have done that today.

CHAIR—Beautiful.

Senator O'BRIEN—Thank you for providing a copy of the statement. I too share the concern of the chair about the department's response to questions on notice to estimates. When the last estimates commenced—I think at the beginning of November last year—the chair said:

Answers to questions taken on notice and additional information should be received by the committee no later than Friday, 16 December 2005 ...

But, as was advised, at the close of business on Thursday, 9 February 2006, nearly two months after the deadline, 135 answers from this department were outstanding and 55 of those were received on the morning of Friday, 10 February. That meant that, at midday, 80 answers were still outstanding out of 256. What is your excuse this time?

Mr Chandler—We have endeavoured to respond to the questions within the time frame and certainly in time for this hearing.

Senator O'BRIEN—The time frame was 16 December, not this hearing.

Mr Chandler—I understand that. As I said, we endeavoured to meet the deadline of the 16th but also to ensure that everything had been done to get those answers back to the committee well in advance of the hearing. The Christmas period has impacted on that. A number of questions have taken considerable resources to extract the information. We regret the delay.

CHAIR—When you get these questions, do you put them into piles—these are easy to answer, these are harder to answer and these are very hard to answer? Do you prioritise the difficulty of the task?

Mr Chandler—No, we—

CHAIR—Wouldn't that be an idea?

Mr Chandler—We determine which division or portfolio agency is responsible and allocate them to each area. Our expectation and the position we take is that they all need to be answered within the time frame.

CHAIR—Surely, some are pretty easy to answer. But they do not turn up with any more expediency than the ones that are hard to answer.

Mr Chandler—The fact that we do submit them back progressively probably indicates that the ones that are easier to answer are dealt with more quickly. Obviously some are interrelated and we cannot respond to some questions without addressing two or three others.

CHAIR—After today, for instance, you would go back to the department and a day or two later all these dreadful questions would turn up. Is there some sort of task force or is it just pass the parcel, as it were, with the questions? Does someone say, 'Answer these questions by a certain date; that's your task,' or is it just pass the parcel?

Mr Chandler—The allocation of the questions is coordinated through the ministerial and parliamentary section within Corporate Division.

CHAIR—But is there a person who is in charge of seeing that the questions get answered?

Mr Chandler—It is that area that coordinates—

CHAIR—Is there a person who has the designation of doing it?

Mr Chandler—Not an individual, no.

CHAIR—Ought there to be? That way you could sack someone.

Mr Chandler—The responsibility essentially sits within each business division. The ministerial and parliamentary team constantly follows up with divisions. There are regular reminders from the executive at weekly executive meetings.

Senator O'BRIEN—How many of the 256 questions were answers prepared for and with the minister by 16 December?

Mr Chandler—I would need to take that on notice.

Senator O'BRIEN—Can you give us a rough idea?

Mr Chandler—If I can come back to you later in the morning on that, I will give you that number. I do not have it quickly to hand at the moment.

Senator O'BRIEN—How many of those answers were with the minister as of 1 February? What I am trying to find out is whether there is a delay in the department or in the minister's office. How long had the 55 answers that we received on Friday been with the minister?

Mr Chandler—I will take that on notice and come back to you later in the day.

Senator O'BRIEN—Do you have a schedule? Do you have any idea? Do you have a tracking mechanism so that you know where these questions and answers are?

Mr Chandler—We do. I would just like to check the data and come back to you on that. The answer is yes. I can answer the questions; I just do not have the information in front of me at the moment.

Senator O'BRIEN—Surely you were expecting this to be an issue? This is an appalling performance. It is one of the worst performances I have experienced in the nearly 10 years I have been coming to estimates. Were you not expecting questions on this?

Mr Chandler—Yes, we were. But, to cut the numbers the way in which you have just asked the question, I would like to check the data. The information is available and I will come back to you that during the morning if I may.

Senator O'BRIEN—Do you have any idea how many questions the department had prepared answers for by 1 February?

Mr Chandler—By 1 February we would have had answers prepared on virtually all questions. There are some still with the department, not with the minister's officers.

Senator O'BRIEN—What about 16 December?

Mr Chandler—I need to check.

Senator O'BRIEN—Would most of the answers have been prepared by then?

Mr Chandler—I think it is fair to say no. Only 14 were actually lodged by the committee's deadline.

Senator O'BRIEN—Were the answers prepared with the minister by then? That is what I am trying to find out?

Mr Chandler—I will provide you with that information.

Senator HOGG—How many people are actually responsible for the process itself? You said there is not a single person. How many are responsible?

Mr Chandler—A question goes to the relevant division or portfolio agency. There would often be a number of people who would have input to the preparation of an answer.

Senator HOGG—I understand that, but surely there must be someone responsible for delegating the work and getting it back.

Mr Chandler—There is a coordinator in each division.

Senator HOGG—In the wake of what we have heard this morning, will the efforts of that coordinator within each division count towards the assessment of their performance bonus for the year? I am interested because it would seem to me that, if they are going to receive a performance bonus, based on what we have heard this morning it would be quite sad indeed.

Mr Chandler—Those staff would not have access to performance bonuses.

Senator HOGG—Whose performance bonus will suffer as a result of this?

CHAIR—Can I interrupt?

Senator HOGG—This is a serious question.

CHAIR—It is relevant, but of course all of these questions need to be answered against the background that this has been going on for many tens of years. Regardless of who is in government, all these games get played, so we are just continuing the game.

Senator HOGG—No, it is a question that I asked—

CHAIR—I know it is a very relevant question, but nothing has changed.

Senator HOGG—not only in this committee but in other committees as well. It seems to me that people get rewarded for incompetence. Is that the case?

CHAIR—I do not think there is any need for anyone to answer that question. That is an assertion by you.

Senator HOGG—I think it is a pretty good assertion, Chair.

CHAIR—You are a troublesome young fellow early in the morning. You are not blowing smoke, are you?

Senator HOGG—No, I am all right; it is a Monday morning.

Senator Ian Campbell—I think he is generally a bit grumpy after the Waratahs beat the Queensland Reds!

CHAIR—Let's not degenerate.

Senator Ian Campbell—I understand—the Western Force went down on Friday night as well. It has not been a good weekend in that way.

Senator HOGG—I am interested: do people get performance bonuses based on their performance in this area?

Senator Ian Campbell—I think the officers of the department have said they are going to look at how long it has taken and respond. In my own portfolios a lot of questions turn up during estimates that I clear. I make sure I read every single answer; I look through them very carefully—it does take time.

Senator O'BRIEN—Frankly, Minister, it is difficult for us to read the answers that you look at so carefully if we get them in a job lot of 50, 60, 70, 80 or 100 on the Friday before estimates commence on Monday.

Senator Ian Campbell—The practical reality is that we receive them in huge job lots. What we find is that, at the end of estimates when senators have reams and reams of questions meticulously prepared by advisers and so forth, we get to the end of a section and everyone wants to go home. You say, 'Can you take those on notice?' and we take them all on notice automatically and then we spend many weeks trying to answer them. That is how a democracy should work. Would it work better if we could speed up the information flow back to the parliament? The answer is: absolutely, yes. Is the department working hard to achieve that objective? Yes. Have we failed on this occasion? Yes. Do you have any questions about the portfolio? That is my question.

Senator O'BRIEN—Mr Chandler, you have access to material which will give us the detail on when particular questions answered by the department were sent to the minister. Do have a document which sets that out?

Mr Chandler—Yes, absolutely.

Senator O'BRIEN—Can that be made available to the committee?

Mr Chandler—Yes.

Senator O'BRIEN—When will we be able to see that?

Mr Chandler—I should be able to provide that to you today. Certainly I can provide the break-up that—

Senator O'BRIEN—Perhaps when you come back with the document we can return to any questions that arise from the document so that we do not need to place them on notice.

Mr Chandler—Yes.

CHAIR—There you go: that is the traditional historical little contest about the questions that get answered every time.

Senator O'BRIEN—I would have to say, as I said earlier, that this is the worst performance I have experienced. Mr Taylor, you talked about the creation of an Office of Airspace Management. When was it decided to create this office?

Mr Taylor—The original decision was made quite some time ago by the Deputy Prime Minister, John Anderson. There is work to work through the processes of how we might proceed with that, particularly when you are removing a regulatory function from Air Services Australia, are wanting to deploy it within Airspace Management as a small group within the department and are also wanting to sort out those matters which relate to CASA rather than the department. Also the issue which relates to the Australian Defence Force has taken some quite considerable time to sort our way through. We have actually established a group which consists of the Chief of Air Force, the CEO of Air Services Australia, the head of CASA and me. It has been working through that framework. In a practical sense, the appointment of Stuart Sergent at the beginning of this year is really from where the initial steps are now starting to be taken. We will still work through those governance issues very carefully before we make any formal decisions, so we are putting the framework around it.

Senator O'BRIEN—That seems to mean that there is going to be direct ministerial responsibility for airspace management.

Mr Taylor—I think that before moving to that point we are putting the framework together with those four senior people whom I have described. When we have completed doing that we would expect to have discussions with the minister and the government about the policy framework that would apply into the future. We have not yet reached that stage. Airspace is a very complex issue. The day-to-day management of it sits with Air Services Australia. There are some important safety sign-offs by CASA. There are some very important issues in terms of the intersection of civilian airspace and military airspace. There is a very important and very close working partnership with those groups. The way in which airspace management takes place in any country has a range of technical systems which, understandably, involve policy decisions ultimately made by government. That is why we have put that group of key people together to work through the issue. At this point in time the Office of Airspace Management is doing the important job of underpinning the thinking of that group.

Senator O'BRIEN—How many people are in that office?

Mr Taylor—Talking off the top of my head, it is a small number of people—probably about half a dozen. They actually have access to any relevant people within Air Services Australia, CASA or the Defence Force.

Senator O'BRIEN—I want to ask some questions about agreements reached at COAG on Friday that relate specifically to transport. Will the freight review have any impact on the third heavy vehicle pricing determination?

Mr Taylor—I think the third heavy vehicle pricing determination is a separate issue from the issues that were raised on Friday at COAG because of the fact that they apply to different time periods if nothing else.

Senator O'BRIEN—So, whatever happens with the COAG process, it will still be in addition to whatever the third vehicle—

Mr Taylor—It will be separate from it.

Senator O'BRIEN—In relation to the decision to harmonise and reform road and rail regulations, the work schedule is full of references to reviews and proposals. Can you tell me how the national road and rail network will actually change as a result of Friday's agreement?

Mr Taylor—I think there is a considerable amount of work to be gone through there. Much of the regulatory framework that we sit within in terms of land based transport is actually the responsibility of the individual states and territories. The important part of the partnership that has been evolving through the Australian Transport Council and COAG is that the opportunities to harmonise and, where possible, reach common arrangements will make for a much more efficient and effective system. There is a lot of work now to be done. I made a brief comment in my introductory remarks that Commonwealth, state and territory ministers, at their meeting in November, made considerable progress towards reaching a level of harmonised rail safety. It is not an easy issue, when you are actually often dealing with 100-plus years of state and territory legislative and regulatory frameworks, to move to one simple national framework or even to a harmonised framework.

Senator O'BRIEN—So the outcomes are considerably off into the future?

Mr Taylor—The outcomes are considerably off into the future. But Friday's decision is a very important one because it actually commits people to working on what really is a very important change in both safety outcomes and efficiency and effectiveness outcomes. Until jurisdictions are collectively prepared to agree to such a shift, then progress is not possible at all. All of us can probably think of the simplest one of these, which has been the issue of Australian rail gauge differences between states and territories. They have in fact been the source of some difficulty for time immemorial. I think we need to see Friday's decision as a very important one for all jurisdictions. The relationships we have with our state and territory colleagues indicate a great willingness to make progress on this matter.

Senator O'BRIEN—In relation to the proposed review of urban congestion, does the decision to participate mean the government's policy neglect of passenger transport is at an end?

Mr Taylor—The government's policy on Australian transport issues has always given priority to where the government is able to make the most impact. The reason we have actually focused on the network under AusLink and the related issues is that that is where we are able to make the greatest impact. In the case of congestion issues, we are working with the states, but we are not about to change the way in which we operate. Public transport decision

making is very much in state hands, in much the same way as aviation decisions are very much in Commonwealth hands. Where we have been working very strongly within the AusLink framework is to recognise that a network well put together, well managed around cities, in fact helps to reduce congestion, particularly by the way in which we deal with the increasing freight task.

Senator O'BRIEN—It is self-evident that congestion impacts on the freight task. Congestion in the cities is substantially to do with passenger transport rather than freight.

Mr Taylor—As the states have indicated, they have always taken it as a major priority to that end. We are working with them in the conjoint issues of addressing congestion but recognising that we have a major role across that port-rail-road intermodal framework in which we move freight around Australia.

Senator O'BRIEN—Am I correct in understanding that the freight review will be undertaken by the Productivity Commission?

Mr Taylor—A number of reviews are going to take place. The review on pricing in road and rail will be undertaken by the Productivity Commission.

Senator O'BRIEN—Are there other reviews of the freight system already impacting on the freight system?

Mr Taylor—I think each state has been taking a look. New South Wales, in particular, has been taking a major look and a major strategy is being undertaken by Professor David Richmond, with whom we are meeting in the near future. Quite clearly, the Commonwealth through its establishment of the AusLink framework has taken a lead on this matter. I think the fact that we have precipitated a number of other developments in other states and territories, with which we are working in partnership, is a major plus.

Senator O'BRIEN—Who will do the urban congestion review?

Mr Taylor—It will be something that will be undertaken within the framework of the COAG transport ministers. The implementation framework from Friday is not yet determined.

Senator O'BRIEN—So all of that implementation of the decision on Friday is going off to a committee of officers?

Mr Taylor—Obviously we are taking a very proactive role in that, but precise decisions post Friday have not yet had a chance to be addressed.

Senator O'BRIEN—The Commonwealth's role has been coordinated by officers of Prime Minister and Cabinet, I take it?

Mr Taylor—Yes, but working closely in conjunction with our department.

Senator O'BRIEN—Any other departments?

Mr Taylor—There is a wide range. Quite clearly, the Productivity Commission comes under the direction of the Treasurer, so we are working in conjunction with what I would call all relevant departments in terms of how those changes take place. There has been a very coordinated approach to that.

Senator O'BRIEN—Is there an interdepartmental committee being established to coordinate this?

Mr Taylor—I suspect not a committee; I think there will be a number of committees that establish off the back of decisions on Friday and also the decisions that were made last year. They will evolve over time.

Senator O'BRIEN—So they are not yet established?

Mr Taylor—Certainly from Friday there is a range of activity that needs to be put in place. The decisions were made on Friday. They were announced Friday afternoon. We have not yet met with the Department of the Prime Minister and Cabinet. We have had some informal discussions with them Friday afternoon that clearly said there was a lot of work ahead. We have not been able to meet this week.

Senator O'BRIEN—I have been reviewing past committee *Hansards* and want to return to an issue we have discussed in the past—and that is your remuneration package, Mr Taylor, as head of the department. I regret that it is necessary to raise the matter at the hearing, but the Prime Minister has not answered a question I placed on notice earlier this year. In November, Mr Mrdak advised the committee that under a determination made under section 61 of the Public Service Act you are paid \$680 a fortnight to support 'temporary accommodation arrangements' and have available a \$6,600 allowance per annum for so-called 'reunion travel'. Is this determination a public document?

Mr Taylor—In terms of all of my payment and remuneration issues, I have actually made sure with both the Department of Agriculture, Fisheries and Forestry and the Department of Transport of Transport and Regional Services that any payments are made in accordance with any of the determinations. Given that I have always put that responsibility to the head of the corporate services end, Mr Bill Palmer in Agriculture and Mr Chandler in this department, I would ask them to answer any detailed questions about this area.

Mr Chandler—The determinations under section 61 are not typically a public document. They are an official determination and record maintained on departmental files.

Senator O'BRIEN—Is the reunion allowance only payable with respect to the secretary's travel to Melbourne or can it be used for family travel to Canberra?

Mr Chandler—It relates to the secretary's travel only.

Senator O'BRIEN—How much of the reunion travel allowance of \$6,600 per annum has been claimed since Mr Taylor was appointed secretary of the department?

Mr Chandler—Can I answer the question in a slightly different way. There had been previous questions asked during the time that Mr Taylor was with the Agriculture, Fisheries and Forestry portfolio. That was question No. 989, from December 2002. That response provided details from the time of Mr Taylor's original appointment to that portfolio of 17 January 2000 on a 12-monthly basis up to 16 January 2003. I have the equivalent figures for the period of time since then, which I can read into the record.

Senator O'BRIEN—Thank you.

Mr Chandler—From 17 January 2003, to 16 January 2004, the total was \$5,557.59, including airfares and taxi fares. For the following 12 months—January 2004 to January 2005—the total was \$5,551.43. For the period 17 January 2005 to 16 January 2006, the figure was \$5,696.90. That goes to the reunion travel.

Senator O'BRIEN—In November, we were told that these travel arrangements are supervised by the Corporate Services group. How does that supervision work?

Mr Chandler—It works in the sense that all accounts and records are maintained through corporate and payments are authorised through the corporate division.

Senator O'BRIEN—Who is the officer responsible?

Mr Chandler—A number of my staff contribute to that. At the end of the day, that is me.

Senator O'BRIEN—Mr Taylor, I think it is the case that since 1999, when you were appointed Secretary of the Department of Agriculture, Fisheries and Forestry, to date you have been paid a temporary accommodation allowance and have had access to reunion travel. Is that right?

Mr Taylor—That is true.

Senator O'BRIEN—Since November 1999?

Mr Taylor—Since 17 January 2000.

Senator O'BRIEN—And you spend most of your time in Canberra?

Mr Taylor—I spend a lot of my time in Canberra. I spend a lot of my time in the rest of Australia and overseas.

Senator O'BRIEN—But you reside in Victoria?

Mr Taylor—My wife has a job in Victoria. My two daughters go to university and now have jobs in Victoria. My mother, who is an elderly woman, lives in Victoria. It is not unreasonable that my family life is also part of how I manage it. As most of you will know, I am usually here Sunday nights working. I usually go home late Friday night. It is a particular end of reunion travel.

Senator O'BRIEN—You told us previously that you have not approved similar arrangements for any of your senior staff. Is that still the case?

Mr Taylor—That is still the case.

Senator O'BRIEN—Is that because you have not engaged anyone from outside Canberra?

Mr Taylor—I think there are two differences: I have not engaged anyone from outside Canberra and, importantly, these were arrangements that were made by way of offer when I took up the job on 17 January 2000, so it was an offer made by the Commonwealth to me. I accepted the offer in terms of the contract.

Senator O'BRIEN—The reference to a temporary accommodation allowance is starting to look a lot more than a temporary accommodation allowance, is it not, Mr Taylor? It has been six years.

Mr Taylor—I have actually operated on what has been made on offer to me at every turn. I have not sought to vary that. I have always been prepared to accept whatever the offer has been made to me in terms of my contractual arrangements.

Senator O'BRIEN—Is this the subject of a determination?

Mr Taylor—It is the subject of a decision within the Department of the Prime Minister and Cabinet. Let me just put it simply. I accept what the government makes as an offer to me. I have never even sought to negotiate it.

Senator O'BRIEN—So it was just carried over from your contract with AFFA to your contract relating to the position with DOTARS?

Mr Taylor—I have not sought to renegotiate the state of my contract. I have accepted what the government has offered on all occasions.

Mr Chandler—The same arrangements have been continued from Mr Taylor's previous portfolio to this portfolio.

Senator O'BRIEN—Mr Chandler, what are the figures for the temporary accommodation allowance?

Mr Chandler—As for the figures I have with me, for 2004-05 the total came to \$11,997.14. For 2005-06 up to 25 January, it was \$10,200 exactly.

Senator O'BRIEN—Can the determination that is relied upon be made available to the committee? I gather it is not a public document.

Mr Chandler—I will check with Prime Minister and Cabinet, but we do not perceive that there would be any difficulty. The determination is one made within that portfolio, so if we could just check that.

Senator O'BRIEN—In the portfolio of Prime Minister and Cabinet?

Mr Chandler—Yes.

Senator O'BRIEN—As an aside, Mr Taylor, as the secretary of the Department of Transport and Regional Services, did you have any knowledge of the kickbacks paid to the Saddam Hussein regime?

Mr Taylor—No, I did not.

Senator O'BRIEN—Can you tell us what action you took when the US wheat lobby made allegations about the kickbacks in 2003 and I called for investigation?

Mr Taylor—I do not recall taking any action at the time, in the sense that I did not see it as an issue that related directly to the day-to-day work that we were undertaking as a department.

Senator O'BRIEN—Have you made yourself available to the Cole royal commission?

Mr Taylor—If someone were to seek to have me appear at the Cole commission, of course I would appear there. I have no reason to know why that would take place.

Senator O'BRIEN—I note that Mr Cerasani has been appointed to a governance position that on the department's organisational structure apparently sits just below the secretary—is that right?

Mr Taylor—That is correct.

Senator O'BRIEN—Mr Cerasani was previously engaged as the departmental liaison officer to the Parliamentary Secretary to the Minister for Transport and Regional Services and served time in Mrs Kelly's office, did he not?

Mr Taylor—That is true, as a DLO.

Senator O'BRIEN—It is pretty interesting that his appointment coincides with Mrs Kelly's dumping from the ministry, notwithstanding her attempt to blame him for her incompetence. Regarding the so-called lost letters from Mrs Kelly to a successful Regional Partnerships applicant around the 2004 election period, can you provide some details about Mr Cerasani's role, please?

Mr Taylor—I will ask my colleague Mr Chandler to provide some details, but let me just put on record that Mr Cerasani is an excellent officer. He himself indicated he had made a mistake. We look at the officers on their overall performance. He is a person of exceptional character and exceptional behaviour, and the idea that one would in fact punish someone for an error I think would be a very unfortunate thing. As a DLO, he is very much in a non-political role. He carried out that job very well with the exception of that one issue you pointed to. I have the very highest regard for his integrity, his skill and his behaviour.

Senator O'BRIEN—Yes, I recall the exchange we had, and I got the impression from Mr Yuile that the department were not satisfied there was any lack of competence on Mr Cerasani's part. It is a supreme irony—the almost coincidental promotion and demotion of the participants in that former—

Mr Taylor—It is fairly easy to say that we are responsible only for departmental decisions. We have made those all upon merit.

Senator O'BRIEN—I am sure you had no say in the Prime Minister's decision to dump Mrs Kelly.

Mr Taylor—I might add that Mr Cerasani's appointment actually took place quite some considerable time ago.

Mr Chandler—If I can respond in respect of the role: the governance centre was established as part of the new departmental structure last year. It was effectively established in February last year. At that time the centre, which now comprises eight staff, had only two, as we established staffing for the governance function out of the original corporate. Mr Cerasani was selected after an internal advertising process, consistent with our normal processes, and was placed in the position at his existing level. So, whilst it has a high profile in the structure, it is an EL2 role that heads up that centre. The governance centre has progressively assumed responsibility for oversight of our internal audit function and risk management and it reports to the secretary on audit matters through the audit committee. It has responsibility for authorisations, delegations and client service charters. It is the first point of contact for complaints coming into the department and manages the allocation of those and follow-up to ensure that those are dealt with.

Senator O'BRIEN—It requires a lot of attention to detail, I imagine.

Mr Chandler—It does.

Senator O'BRIEN—On the question of departmental staffing, can you provide an update on your full-time equivalent staffing, which was 1,161 as at 30 September 2005?

Ms Field—The full-time equivalent staffing number for the department as at 31 December 2005 is 1,176.9 staff.

Senator O'BRIEN—That is, FTEs?

Ms Field—FTEs. That gives a head count of 1,207 staff. If you are looking at staffing numbers, you will see they are the numbers used in the annual report.

Senator O'BRIEN—Your FTE number has gone up; your average staffing number has gone down. It was 1,210.

Ms Field—Staffing numbers change on a fairly regular basis, with people moving in and out of the department.

Senator O'BRIEN—Is there any particular area that has been responsible for the growth in the FTE number?

Ms Field—The Office of Transport Security, as a result of its expanded transport security role, has seen an increase in numbers.

Senator O'BRIEN—That is the only one where there has been a noticeable change?

Ms Field—That is the area of greatest change. There have been some other, small changes in the Maritime and Land Transport Division and also in the Australian Transport Safety Bureau.

Senator O'BRIEN—Does the Office of Airspace Management comprise new staff or does it comprise people who have been relocated from other areas?

Mr Mrdak—The Office of Airspace Management staffing level remains as it was. It is a grouping of officers who were already in the department. As the secretary has indicated, over the coming months we will take some longer term decisions in relation to the nature of its functions. That may result in some staffing changes. At this stage, that has not resulted in additional staff in the department, but we have a number of secondees from RAAF and Airservices in that unit at the moment.

Senator O'BRIEN—Can you get some detail on where those people have come from? I take it you that the secondees are included in the half a dozen people?

Mr Mrdak—I can get you the details.

Senator O'BRIEN—Has the projected four-year staffing of 1,262 FTEs been reviewed? It had been around 90 below that at the end of December. Are you really intending to engage another 90 FTE staff?

Ms Field—The projected increase is expected to be around 162 FTEs on the 2004-05 figures. The number of staff coming in will not necessarily occur in one hit. Staff will come in gradually, depending on the needs of the particular business divisions. The growth projection in that case is 14 per cent.

Senator O'BRIEN—One of the answers we received to a question taken on notice on 31 October was that projected figure of 1,262 FTEs. We are heading towards the end of the

eighth month of the financial year. What knowledge have you about the real employment intention? You are nearly 90 FTEs below that level. If there is some number in the budget, clearly you will be well below that?

Ms Field—It depends on when staff are required to be on deck to undertake their various duties. The Office of Transport Security as at 30 December 2005 was still in the process of recruiting staff. I understand that OTS is still in that position.

Senator O'BRIEN—Your answer tells me that the 1,262 FTE figure will be reviewed in the department's midyear review to take account of the subsequently expanded transport security role. Has that review taken place?

Ms Field—Yes, that has been done in conjunction with the midyear review.

Senator O'BRIEN—Has it been completed or is it ongoing?

Mr Mrdak—Our midyear review has been completed, and each of the divisions has now revised their internal budgets and the like as a result of that. As Ms Field has indicated, on that basis we do anticipate some continuing growth in staffing numbers within a number of divisions. Some of the new initiatives, which are included in the additional estimates statement for transport security, do carry some additional resourcing, which will also increase the numbers in that area. So that midyear review has been undertaken; we are now progressing to our third-quarter review, which we do with each of the business divisions to check their progress against budgets, staffing and the like, and that will take place shortly.

Senator O'BRIEN—I am a bit confused, because your answer talked about full-year staffing of 1,262 FTEs. Does that mean you are expecting more than that, if you have got additional money in the additional estimates?

Mr Mrdak—It will depend on our ability to manage our resourcing at this stage. As you know, the recruitment market in Canberra and nationally is very strong, so it will depend on our capacity to find the staff we need in particular areas. That is certainly our budget intention. The final numbers will depend on a whole range of factors and how much we are able to move resources across divisions and within divisions as well in filling some of those new initiatives.

Senator O'BRIEN—So the intent is for more than 1,262 FTE at the end of the financial year?

Mr Mrdak—We have not reached a final decision on that. The first step is to see whether we are able to accommodate the additional task within the numbers we have. But some of the new task in OTS may well necessitate some additional staff beyond that.

Senator O'BRIEN—Why are we talking about extra money then?

Mr Mrdak—That fund is not only staffing but a whole range of other activities for the department.

Senator O'BRIEN—Not only staff but staff as well?

Mr Mrdak—Yes.

Senator O'BRIEN—You have got money for additional staff, but you cannot tell me that you will actually need more than 1,262 FTEs.

Mr Mrdak—Not definitively, but our expectation is we may require additional staff beyond that.

Mr Chandler—I may be able to assist with this. The 1,262 figure was the projected staffing number in all business plans. Typically, as preceding answers have indicated, we aim for that target. With staff turnover we would often issue a sum—

Senator O'BRIEN—You budget for it as well, don't you?

Mr Chandler—We budget for it and—

Senator O'BRIEN—And that is a four-year staffing proposal.

Mr Chandler—we would often fall short. But some of that gap is also made up through employment of short-term contractors. So the positions are not necessarily always vacant. We take short-term measures at times to bridge that gap.

Senator O'BRIEN—So it is a bit of a hollow log?

Mr Chandler—The number was the estimated level for the functions at that point in time. Any additional functions that are approved would require additional resources over time, and the longer term targets would be adjusted accordingly.

Senator O'BRIEN—But at the moment we are approaching 90 FT below that figure and apparently there is money for additional staffing in the additional estimates. That is what Mr Mrdak has been telling me.

Mr Chandler—Yes.

Senator O'BRIEN—And you do not know whether you are going to spend it.

Mr Chandler—It is not clear that we will spend all of it on employee expenses during this year. It depends on our ability to recruit staff.

Senator O'BRIEN—How many staff will you need to recruit to spend it, do you know?

Mr Chandler—I will need to take that question on notice.

Mr Taylor—What you would not do in any wise management practice is just keep recruiting staff to be consuming all the money but then find that you had a staffing rate that was not sustainable long term. We are endeavouring to move to the FTE requirement as quickly as we can, but not put the organisation at medium- or long-term financial risk. As Mr Mrdak and Mr Chandler have pointed out, it is not an easy market to be recruiting staff in; you cannot just put staff on instantly. We are working hard at it. We have got an obligation to meet those policy positions that the government has put in place, and we work very strongly at it. What we are not about to do is to appoint staff that would go beyond that number and then leave us at a financial risk at a subsequent budget period. That would be an imprudent practice.

Senator O'BRIEN—Your FTE number has gone up by 15 since 30 September, your actual number has gone down by three and you are nearly 90 short of your proposed full-year staffing of 1,262 FTEs. That seems to indicate that you are a fair way short of what you must have budgeted for staffing, and then I am told there is more money in the additional estimates for staffing.

Mr Taylor—With due respect, you cannot instantly appoint staff when an announcement is made; you actually have to go out and recruit. If you have been following the newspapers, you would have noticed there has been an extensive array of Department of Transport and Regional Services advertisements since December-January. Quite a number of those interview processes are in place during February. It is very difficult to conduct interviews in the December-January period. While you may find that some of the people are prepared to be there, many people are taking leave, even though they might be attracted to the roles.

Senator O'BRIEN—Are you having to pay higher salaries to attract the staff you want?

Mr Taylor—We are working hard to keep attracting staff within our existing framework.

Senator O'BRIEN—That does not answer my question. You might be working hard, but you might be failing.

Mr Taylor—At this stage we are certainly not doing that, but we will always watch where the market is in terms of remuneration for employees. It is an important issue in any recruitment.

Senator O'BRIEN—So you are not paying extra to get staff?

Mr Taylor—At this stage we are not, but we constantly keep under review the remuneration we are offering and whether or not we are getting acceptances. I think the more important test will be the response to the advertisements we have been putting in place over the last couple of months as we go through the interview processes.

Senator O'BRIEN—How far under budget for staffing are you at this point in the financial year?

Mr Taylor—I think we have made the point. We have made a judgment and we are just going through a mid-term review. I will be sitting down later this week with all my executive directors and reviewing in detail their budget frameworks, as we do every quarter.

Senator O'BRIEN—Will you give us an answer to that question?

Mr Taylor—I am happy to give you an answer, but I cannot give you an answer today. I would want to do it after proper consideration. I want to put a different emphasis on it: budgets are very important in setting an indicator, but the critical issue is that we are carrying out the function and delivering on the policy requirements. That is really the prime driver of this. As Mr Chandler said, we really need to identify circumstances where we cannot recruit as easily as we might for the long term to look at other alternatives as to how we might do that. In a management sense, we take a comprehensive view as to how we approach the delivery of the functions.

Senator O'BRIEN—I am happy for you to seek to put a emphasis on the matter; I would like the answer to the question.

Mr Taylor—Certainly. I said we would be more than happy to do that.

Senator O'BRIEN—In November I asked whether the department had adopted a policy to force new employees to sign an Australian workplace agreement and thereby deny them the right to be covered by a certified agreement. Mr Chandler said:

We do not have a policy to that effect at the present time.

Has the department's policy changed?

Mr Chandler—No, it has not. The position is the same.

Senator O'BRIEN—What effect will the passage of the government's extreme industrial relations package have on the department's relationship with its staff?

Mr Taylor—We expect that the new industrial relations package will continue to ensure that the management works closely with its staff, as it has in the past, and we intend working the same way into the future. We see it as being a very constructive way to work very effectively with our staff and we intend to continue to operate in that fashion.

Senator O'BRIEN—Has the minister provided any direction to the department in the light of the legislation's passage?

Mr Taylor—No, he has not.

Senator O'BRIEN—On the department's national office refurbishment, has the estimated \$10.9 million for capital works, design fees and project management plus the \$1.4 million for fitting out the new space changed in any way? I want to find out if the amount has increased or decreased.

Mr Chandler—No. That comes to a total in the approved budget, as I provided in the answer to the question on notice, of \$13.1 million. That is still the approved budget and we are working within that. That is as at the present time. We are slightly under that budget.

Senator O'BRIEN—Could you give me a breakdown as to the costs for capital works, design fees and project management?

Mr Chandler—Yes. I will need to come back to you with that figure.

Senator O'BRIEN—And can we separate the fit-out costs for each of the two buildings, given the \$1.4 million?

Mr Chandler—Yes.

Senator O'BRIEN—And the \$0.8 million contingency figure goes across both buildings and all projects?

Mr Chandler—That contingency figure goes across both projects.

Senator O'BRIEN—In relation to the funding of the refurbishment, the department has supplied the committee with an answer which reads:

While no funding has been specifically provided by the Australian Government for the reconfiguration of the department's national office accommodation, funding has been provided for additional accommodation requirements through a number of new policy measures, some of which will be undertaken concurrently with the reconfiguration work.

Can you provide us with some explanation as to exactly what that means?

Mr Chandler—We do receive some funding associated with new policy proposals where there are additional staff and over time there has been some funding for accommodation associated with expansion of the transport security function specifically. That has required us to do some works within national office, so that has contributed to the funding. But the point I was trying to get to with the answer was that we have not sought additional supplementary

funding from government for the refurbishment works. They are funds which are provided under the accrual budgeting model for replacement of assets and fit-out over time. That has been the source of virtually all of the funding for this project.

Senator O'BRIEN—There have been a number of initiatives announced which have been allocated funding through the current or perhaps even previous budgets. Is that correct?

Mr Chandler—Correct.

Senator O'BRIEN—And amounts set aside from those have been accumulated towards the cost of these projects?

Mr Chandler—That is right. Capital funds are set aside and accounted for separately until such time as there is an executive decision to allocate funds.

Senator O'BRIEN—Can you tell us which particular buckets of money these moneys will come from?

Mr Chandler—I have not got the figures with me, but I can provide you with them.

Senator O'BRIEN—What is the timetable for the completion of the work? Is it on track?

Mr Chandler—We are on track. I indicated in my last answer that we intended to complete the works by the end of this calendar year, and that is still the time frame. We are working to a tight time frame, but we are meeting that time frame.

Senator O'BRIEN—I think it was on 31 October, Mr Chandler, that you were talking about additional works at offices in Melbourne, Sydney, Brisbane and Darwin. Can you give us the costs of the work in each of those locations?

Mr Chandler—The cost of the work at Level 8, Casselden Place in Melbourne was \$350,476. The works that we carried out in Adelaide cost \$330,982. These were carried out in 2004-05. The works carried out previously in Sydney cost \$480,803. The Perth works, at Citibank House on St Georges Terrace, cost \$429,696. Further work costs for further accommodation at Level 9, Casselden Place in Melbourne this financial year have been \$531,610. The work costs at Mitchell Street in Darwin were \$223,649. We have works still to be carried out in Sydney and Brisbane. I do not have figures for those. They have not yet been tendered.

Senator O'BRIEN—Mr Taylor, in November you agreed with me that the buck stopped with you with respect to the implementation of Uhrig's recommendations. In your opening statement you said:

The reviews with respect to Airservices Australia, the Civil Aviation Safety Authority, the Australian Maritime Safety Authority, the Australian Maritime College, the National Transport Commission and the Maritime Industry Finance Company are in progress. The only significant ones of those, however, related to Airservices Australia, CASA and AMSA.

Where is the Uhrig process up to in the department?

Mr Taylor—We are reaching the end of the department's preparation of policy advice on those matters. There will be a series of policy decisions that the government will need to make in response to our work on those matters. There will be important policy decisions for the government in respect of each of the relevant parts.

Senator O'BRIEN—When will the government have these policy advices?

Mr Taylor—I expect the government will have them in the first quarter of this year. There are some important and complex issues involved.

Senator O'BRIEN—Thank you for that. At our previous hearing, Mr Chandler assured the committee that the department had a best fare of the day policy for departmental travel. Does American Express still hold the contract for departmental travel bookings?

Mr Chandler—It does. That contract runs until the end of this calendar year.

Senator O'BRIEN—What is the value of the contract? I presume it is tied to the amount of travel.

Mr Chandler—It is on a transactional basis and tied to the numbers of trips.

Senator O'BRIEN—How does the department ensure that American Express books the best fare of the day? Is that a contractual requirement?

Mr Chandler—It is departmental policy. It was not a feature of the original contract. The original contract goes back to 2001. At that stage, that policy was not in place. It was not reflected in that original contract, but we have a clear understanding with American Express that that is the policy and that we require them to advise us of the best fare of the day. We also have, through their reporting system, the capacity to identify when the best fare of the day has not been used. That would be where there has been some business imperative which has meant that another flight has been taken.

Senator O'BRIEN—Is that reporting automatic?

Mr Chandler—It is a monthly report.

Senator O'BRIEN—And you automatically get a report of the occasions on which best fare of the day has not been taken?

Mr Chandler—It is highlighted within the reporting.

Senator O'BRIEN—What happens to that report?

Mr Chandler—The report is reviewed by my office services team and any instances are drawn to the relevant executive director's attention.

Senator O'BRIEN—Is it possible for the committee to see copies of these reports?

Mr Chandler—I can provide you with an example of the reports.

Senator O'BRIEN—Thank you. There are some figures which suggest that domestic airfares have fallen in the order of 40 per cent in the past five years. What travel budget savings has this department achieved over that time?

Mr Chandler—I would need to review that. There had certainly been a decline in expenditure on travel. I would need to review the figures. I will provide you with the figures. You need to keep in mind that it is not an easy thing to compare one year to the other; we have had a significant increase in the size of the department, particularly that part of the department associated with the transport security function. So it would be hard to make meaningful comparisons.

Senator O'BRIEN—But there should be general evidence that costs have declined. Wouldn't you be able to do something on average cost per fare? You are still travelling around the country.

Mr Chandler—We will have a look at that. I guess the issue is whether the profile of travel between destinations is the same.

Senator O'BRIEN—Can an officer refuse to travel on the best fare advised by American Express?

Mr Chandler—It is identified if that is the case.

Senator O'BRIEN—So the officer can refuse and it is identified in the report, but from American Express travel?

Mr Chandler—The expectation is that officers follow the best fare of the day policy. There has to be a business imperative, which means that is not possible.

Senator O'BRIEN—Who is responsible for enforcing the best fare of the day policy?

Mr Chandler—As I said, the policy is an established departmental policy. The reporting flows through to executive directors from the office services area.

Senator O'BRIEN—What do they do about it if they see an area where the policy has not been observed?

Mr Chandler—I would expect the executive director to review the reasons. The number of instances of that occurring is very small.

Senator O'BRIEN—Do you ring the officer concerned and ask, 'What happened here'?

Mr Chandler—In 2004-05, out of 10,000 sectors there were only 142 cases where the best fare of the day was not observed.

Senator O'BRIEN—What I am trying to find out is whether there is some follow-up. Some people may have reasons for not following the policy that are not reasonable.

Mr Chandler—As I said, that is a matter for the executive director to take up with the staff member.

Senator O'BRIEN—Does it happen that the executive director takes it up?

Mr Chandler—My understanding is that it does. I do not follow that up personally with other executive directors, but certainly if it comes to my notice in respect of corporate I do.

Proceedings suspended from 10.29 am to 10.45 am

Senator O'BRIEN—Can you provide the committee with advice on how many airline lounge memberships, by airline, the department has paid for over the past couple of years?

Mr Chandler—Over the period from July to 31 January there were 329 Qantas Club members.

Senator O'BRIEN—No-one has bothered with a Virgin Blue lounge pass?

Mr Chandler—Virgin Blue to date have provided free arrangements for their lounge.

Senator O'BRIEN—That is their full fair ticket?

Mr Chandler—That would be the previous arrangement. We have not put in place any other membership arrangements.

Senator O'BRIEN—In answer to question Corp04 from the last round the department advised that in 2004-05 the department's employees flew 10,987 domestic sectors of which 9,190, or 84 per cent, were flown on Qantas. Virgin Blue was the carrier for just 10 per cent of domestic sectors flown by officers and Rex for three per cent. Have you got the figures in dollar terms—that is, how much of the travel budget was expended by airline in 2004-05?

Mr Chandler—In percentage terms I do. For particular airlines?

Senator O'BRIEN—Yes.

Mr Chandler—AirLink is 0.17 per cent; Airnorth Regional, 0.76 per cent; Avant Airlines, 0.1; Brindabella Airlines, 1.42 per cent; Hazelton Regional Express, 0.7 per cent; Jetstar, 0.1 per cent; Macair Airlines, 0.09 per cent. Sorry, I will need to provide you with these figures separately. I have just realised there is an alignment problem here. Qantas is 88.4 per cent. The next biggest is Virgin Blue at 7.06 per cent. I seem to be missing one line of data in here, so I will need to confirm those figures for you.

Senator O'BRIEN—I suppose Jetstar was not operating for most of 2004-05. Have I got that right?

Mr Chandler—I think that is right.

Senator O'BRIEN—It is a pretty small percentage. They do not fly out of Canberra, which may skew the figure.

Mr Chandler—That is correct. Because there is a line missing, can I give you instead the figures from 1 July to 31 January?

Senator O'BRIEN—Yes.

Mr Chandler—Qantas is 88.4 per cent, Virgin is 6.6 per cent and the next biggest is Jetstar at 0.91 per cent. The rest is spread across the smaller airlines.

Senator O'BRIEN—That is just over another four per cent.

Mr Chandler—Yes.

Senator O'BRIEN—That is spread across the rest of the RPT fleet, basically.

Mr Chandler—It is spread across about another 10 airlines.

Senator O'BRIEN—Do you do a budget of how much you expect to pay each airline?

Mr Chandler—No.

Senator O'BRIEN—Two and a half years ago the former minister, Mr Anderson, said the government had looked closely at concerns held by Virgin Blue and Rex about the small proportion of government seats purchased on those airlines and he said the government had taken action. What action? Do you know of any?

Mr Taylor—It has been a general policy since then. We regularly have discussion around using the best fare of the day. We have worked very hard. I am sure most senators know that when flying out of Canberra it is not necessarily easy to catch a Virgin flight to their point of

destination. There are a limited number of destinations reached via flights out of this city. So it is a question of taking as much action as possible, but it is also a reflection of the services that are available. Particularly given our regional services view, we take a strong interest in doing that.

Senator O'BRIEN—Are departments and agencies still required to report their travel patterns on a weekly basis to the Department of the Prime Minister and Cabinet?

Mr Taylor—I think the arrangement is done through the Department of Finance and Administration—and yes, we all regularly participate in that.

Senator O'BRIEN—Sorry?

Mr Taylor—I think the agency that is responsible for pulling the collections together is the Department of Finance and Administration, and we all do that.

Senator O'BRIEN—It seems that there is no discernible change in the pattern of usage across airlines this year compared to last year or previously. Is that a fair comment?

Mr Taylor—I think it is a reflection of the services provided by the commercial airlines.

Senator O'BRIEN—Where are the bulk of the destinations for travel out of Canberra? It would be Melbourne, Sydney and Brisbane, wouldn't it?

Mr Chandler—It would be primarily those destinations, yes.

Senator O'BRIEN—Is there competition on all of those routes?

Mr Chandler—I think there is limited competition; I am not sure of the extent of the effective competition including frequency of flights.

Senator O'BRIEN—What role does this department play in ensuring that other agencies support a competitive domestic aviation sector?

Mr Taylor—Leaving aside our role in aviation, that role has been assigned to the Department of Finance and Administration. That is why it is the agency that collects the data.

Senator O'BRIEN—So this department does not have a role—

Mr Taylor—The government has assigned that role to the Department of Finance and Administration.

Senator O'BRIEN—We have been told previously that travel bookings vary from agency to agency in this portfolio. Can the committee be provided with advice about travel booking services that are used by agencies within this portfolio?

Mr Taylor—Importantly, those agencies have statutory independence and they are responsible for the way in which they impact commission, so I think it is appropriate that those agencies provide that information themselves. We do not provide under statute a coordinating role as to that, and I am sure each of the agencies would be happy to answer those questions.

Senator O'BRIEN—I suppose they would be. I was trying not to put a question on notice to the minister asking for that information.

Mr Taylor—We do not actually have a legal responsibility to oversee their travel arrangements.

Senator O'BRIEN—That is all right. We will go down the other route. I have a number of questions about the department's role with the COAG East Kimberley trial site. You mentioned something about it, Mr Taylor, in your opening comments. I understand you are described on the COAG website as the Australian government 'sponsor and partner'. In November you told us that a visit that you had planned to the trial site was postponed at the request of the communities until late 2005 or early 2006. Did that visit occur?

Mr Taylor—You would be aware that when you get into late 2005 or early 2006 you also have to operate around climatic conditions in that region. The communities had asked that that meeting be held on 9 March. I will be going there on 9 March. Prior to that I will be meeting with the new Western Australian appointee for Indigenous affairs in Perth. I have spent some time speaking with her.

Senator O'BRIEN—So you are going to Perth at some stage to speak to the Western Australian counterpart?

Mr Taylor—Yes, because the sites are sponsored jointly by the Commonwealth and the state. Sponsorship does not mean the directing of resources; sponsorship means oversight. Very importantly, the East Kimberley trial has a high-profile involvement with OIPC, Health and DEST—at the Commonwealth end—as well as a range of Western Australian government agencies.

Senator O'BRIEN—Is there a schedule? Are you planning to regularly visit the site?

Mr Taylor—It is very important that those communities, which are a very important part of the framework, take responsibility for when those schedulings happen. It is reasonable, given that it is their community norm, that they will often make dates but might vary them as well, which is what happened late last year. I am respectful of their choices in that matter. Late last year, when they decided to defer the visit, we still had a quite detailed consultation here in Canberra with a number of the women leaders of those communities.

Senator O'BRIEN—So you have not been there since July last year.

Mr Taylor—It is important to put some context around this. I have been at pains to fit in with those communities' wishes at every turn. We have scheduled a number of meetings which they have at times, at their wish, deferred. That is not to say that we do not have a high daily and weekly level of presence. We have two officers of the department located at Halls Creek. They work closely with their Western Australian colleagues and they are in daily and weekly contact with the four communities. We also work very closely with OIPC and with the other agencies which are actually responsible for putting government programs on the ground in those communities. They are there on a regular basis. As you would expect, the day-to-day activity work is being done by officials, not by the secretary.

Senator O'BRIEN—Is there an all-weather strip at Halls Creek?

Mr Taylor—There are all-weather strips. In my view, most of them are capable unless the conditions are unsuitable. Halls Creek is some a quite considerable distance from where these communities are.

Senator O'BRIEN—I presume that the communities are not isolated from Halls Creek during the wet.

Mr Taylor—Yes, they can be.

Senator Ian Campbell—Yes, for weeks at a time.

Mr Taylor—When Sturt Creek comes up, you will not be actually driving across it.

Senator O'BRIEN—What access arrangements are there for these communities during those times?

Mr Taylor—They are very difficult. That is why, importantly, there are officers on the ground on a continuing basis. Each of them has a community leader. It is why they have stores and why they have facilities on site. It is not an easy place when you get the wet coming in and you have people cut off. This has been a long-running situation. It is not one that is easily rectifiable, either.

Senator O'BRIEN—How often does the Australian Government Secretaries Group, of which you are a member, meet?

Mr Taylor—We have now been meeting monthly for probably the last 12 months or bimonthly, if it is appropriate.

Senator O'BRIEN—Is it possible to have a schedule of those meetings?

Mr Taylor—I think the appropriate place to direct that question is the Department of the Prime Minister and Cabinet that convenes them.

Senator O'BRIEN—Have you attended all the meetings?

Mr Taylor—If I have been in the country and at work, I have attended all of them. I will not say that I have attended every one of them if I have been overseas on work or some other visit, but my participation is a major priority.

Senator O'BRIEN—The department has been involved in this trial site since 2002. Have performance indicators been established yet?

Mr Taylor—Performance indicators in remote communities are often very difficult. If you want to get some assessment made on progress, I think it would be useful to talk to the OIPC, which has been a very close monitor of this community.

Senator O'BRIEN—I take it your answer is no?

Mr Taylor—If they were to deal with some of the very tough issues that we are dealing with, I think you would find that the data says yes, there has been significant improvement on a number of key social issues. The reason I would prefer to have the OIPC answer that question is that they have put some serious work into trying to deal with a range of issues around what I think are—

Senator O'BRIEN—It is a simple question: have the performance indicators been established? I think you are saying no. I can ask the OIPC, but I am asking you to answer that question.

Senator Ian Campbell—Are you asking for the whole program or for this particular portfolio?

Senator O'BRIEN—For this trial site.

Senator Ian Campbell—This department is only responsibility for one section of the work. We are trying to coordinate all of the activities across government.

Senator O'BRIEN—That may well be right.

Senator Ian Campbell—It is right.

Senator O'BRIEN—I just want an answer. If the answer is no, the answer is no. That is all I want to clear up.

Mr Taylor—If you had let me answer the question—

Senator Ian Campbell—The answer was not no. The answer was—

Mr Taylor—There is a comprehensive set of changes that have taken place in that community. They have been monitored closely by the OIPC, which brings together a breadth of the activity that is undertaken by both Commonwealth and state programs. Clearly, if I could use Balga as one of those communities, it was a community that was having significant difficulties in 2002. There is a marked improvement. I would like to think that it might be brought out by a comprehensive overview given by the OIPC rather than a simple check-box answer. But I think it is fair to say, by any assessment, there has been a very significant improvement in that community.

For proper reasons given, the department is not responsible for it. I do not want to go into issues around suicide rates, health conditions and attendance at schools. But I would strongly suggest that, if you were to talk to the OIPC, which has the responsibility of drawing those informations together, you would get a very positive overview.

Senator O'BRIEN—So there is no list of objective criteria against which to judge the program?

Mr Taylor—There are very objective criteria. These are communities in which the social conditions at times have been very difficult, ranging from things like petrol sniffing and suicides. The fact that there has been a marked decline in those is indicative of a comprehensive set of arrangements that have been put in place that have made a very significant difference. They have been very consciously undertaken with a view to improving the welfare and wellbeing of those communities.

Senator O'BRIEN—Can any outcomes be attributed to the department's role as the lead agency for the East Kimberley trial site?

Mr Taylor—I think the important role that the department has played, and it goes back also to my predecessor, is in making sure that the joined-up nature of Commonwealth and state government initiatives is high on the agenda. Hence my visit to WA next week and my work with the previous incumbents of that position and also the very close working with the Commonwealth agencies responsible for service delivery in these areas. That is one of the reasons why the secretaries meeting on Indigenous matters is such an important issue. It is a chance to meet regularly and discuss a wide range of issues.

Senator O'BRIEN—In December 2004 I asked the then minister Anderson a question about the departmental expenditure in relation to the COAG trial. A quite extraordinary

percentage of the expenditure related to departmental expenses. Can you update those figures for me please?

Mr Taylor—I am sure that they can be updated and I will ask my colleagues Mr Ash and Mr Chandler to do it. But, importantly, the department is not an expenditure agency for this. I think there is a misunderstanding of the role of sponsor. Sponsorship is not about providing the funding. The funding in these communities is in fact part of the overall Australian government Indigenous budget. It is provided from Health, from FaCS, from Indigenous Affairs and from DEST. The important role of sponsors is working with those agencies, making sure that they are in a joined-up fashion. Quite understandably, given that DOTARS is merely in that sponsorship and coordinating role, it is not an expenditure role of any significance. You would not expect us to be in program money.

If you take a look at the budget that is allocated by the government for Indigenous matters—I can assure you the East Kimberley takes a very sizeable chunk of that budget—you will see that it comes through those normal processes. That is a very long answer, but you would not expect the department to have a significant budget because it is not the program-funding agency. It largely is about funding my presence visits and our colleagues on the ground in the East Kimberley who are there to make sure we do drive the changes I talked of and I put some very strong emphasis on. There has been some very significant progress in the wellbeing of those communities. There is also plenty of opportunity to do more.

Senator O'BRIEN—Do we have some numbers?

Mr Taylor—I have said it is a comprehensive delivery of programs under health, education—

Senator O'BRIEN—I am asking for this department's spend. You have given me the figures before. I am asking for an update.

Mr Taylor—No, it is not this department's spend. This is a comprehensive, joined-up government approach. The sponsors are about facilitating the overall approach. It is a whole.

Senator O'BRIEN—I want to know what you are spending. You have provided it before.

Mr Taylor—I have said that that is what Mr Ash would do.

Senator Ian Campbell—He said that a long time ago.

Senator O'BRIEN—He did, and I was waiting for it to happen, but we continued to proceed to an explanation of what the department could not do.

Mr Taylor—Perhaps Daniel Owen might assist. He also works with me on this task in the East Kimberley.

Mr Owen—In terms of expenditure within the departmental funds of this department to facilitate the coordination, I have previously given you figures on previous years which confirm that in 2004-05 the total expenditure in relation to the trial was \$1,027,181. Of that, \$347,560 was for projects directly supporting the planning and the governance processes that we have established there. In terms of salaries and operational expenditures in that financial year, the total expenditure was \$679,621, comprising \$169,819 for Halls Creek based operations and \$509,802 for Canberra based operations.

Senator O'BRIEN—And the \$347,000-odd allocated to projects—can you give me a breakdown of where that money went?

Mr Owen—There were three separate shared responsibility agreements relating to youth activities in the communities of Mulan, Ringer Soak and Billiluna that were \$2,727 each. This is all in 2004-05. There was a shared responsibility agreement around rubbish management in Billiluna, which involved expenditure by this department of \$70,000. There was expenditure on a women's East Kimberly COAG trial, women attended an OIPC women's gathering during that year totalling \$23,745. There was assistance of \$90,909 towards implementing a joint lead agency action plan, which was worked on between all the partners to the trial. There was assistance towards community consultation and participation in the trial site, which is local assistance, travel and things like that, of \$36,363.

Senator O'BRIEN—Who does that go to?

Mr Owen—That is essentially for local travel costs. It is for, as you mentioned before, when the communities are difficult to access. It is for local travel for people to come in for meetings and food and accommodation related to those exercises. That is the expenditure from the DOTARS departmental funds. Also included in that figure that I have already given you is an element of expenditure where we have facilitated other departments to provide through shared responsibility agreements that we have been partner to. Those include, again in 2004-05, the provision of an administration centre in Billiluna, which was subject to a shared responsibility agreement, for a total figure of \$33,144 and the development of a community safety and grog strategy with the Attorney-General's Department's with funding assistance of \$44,629. I note that that previous expenditure on the Billiluna administration centre was through the DIMIA portfolio. We have had a contribution towards youth activities in Balgo, via a shared responsibility agreement again from the Attorney-General's Department, of \$4,263. Assistance towards community consultation and participation in the trial was similar to that earlier expenditure of \$16,505, again from DIMIA, and, for assistance for the COAG women's gathering, there was a contribution from DIMIA of \$19,821.

Senator O'BRIEN—Is that in addition to the \$23,745?

Mr Owen—Yes, it is.

Senator O'BRIEN—Can you give us an amount of money that is attributable to the community safety and grog strategy? It is an item in answer to a previous question.

Mr Owen—Yes, in relation to the community safety and grog strategy the expenditure in 2004-05 was one of the figures I have already given you of \$44,629.

Senator O'BRIEN—From this department?

Mr Owen—From the Attorney-General's Department.

Senator O'BRIEN—What about this department?

Mr Owen—I do not have a separate figure here for that as a project from our department, but we were very much involved in facilitating it.

Senator O'BRIEN—Thank you for that. How is the development of the department's Indigenous employment strategy progressing?

Ms Field—We currently have 6.74 Indigenous staff with the department. The employment strategy comprises three elements. There is a graduate program, a cadetship program and a traineeship program. We have one Indigenous graduate who commenced with the department formally as part of the Indigenous program last week. We did make offers to two other Indigenous graduates, one of whom declined and one of whom has deferred coming to the department by a year because she was offered higher degree study in her home town. She has decided to take that up but has indicated an interest in coming to the department in 12 months time.

In relation to the National Indigenous Cadetship Program, three cadets commenced with the department last week. They joined our new graduate induction program as part of their activities. They will be working with the department during their holiday work experience program for a total of 12 weeks over the course of the year. DEWR is funding their expenses and we are picking up the salary dollars for their holiday employment.

Senator O'BRIEN—Are they counted in the FTE number you gave me earlier?

Ms Field—They are not included in the figure of 6.74 FTEs. In addition to that, we have the Indigenous Australian Contract Management Traineeship Program. As part of that program, we have three Indigenous trainees commencing with the department in March 2006. They will be working in our regional offices in Perth, Darwin and Orange.

Senator O'BRIEN—How many people are in the figure of 6.74?

Ms Field—I will have to check that number for you.

Senator O'BRIEN—Has the department established an Indigenous support group yet?

Ms Field—We are still working on that. At this stage, we do not actually have a formal support group, but we are using a local diversity and equity network, which has existed in the department for some years now, to provide us with assistance.

Senator O'BRIEN—The department has had a workplace diversity program since 2001. Are you able to quantify the resources expended on the development and implementation of that program?

Ms Field—I would not have those figures with me, but we can look into it for you.

Senator O'BRIEN—Mr Taylor, are you satisfied with the department's performance on workplace diversity?

Mr Taylor—As I have reflected here before, I think there has been a significant change between where we were 12 months ago and where we are right now. I think it has been a significant improvement. We will obviously want to continue to build on that, but I do want to commend Sharon Field and her colleagues in terms of when we actually undertook this initiative. There has been very proactive development of it and very proactive work in the field. I am actually very pleased about it. I certainly think it needs to be maintained.

Senator O'BRIEN—Mr Taylor, I want to refer to the answer from the department to a question on notice from the last round of estimates showing a gender breakdown of employment by classification and division. I think it was QON corp07. I want to know why

there was such a stark gender imbalance at all classifications within the department above APS5-6.

CHAIR—Which one? Too many blokes or too many sheilas?

Senator O'BRIEN—What do you reckon?

CHAIR—I do not know.

Mr Taylor—I will see if I can help and then I will ask my colleagues to respond in some detail. The gender balance in the Department of Transport and Regional Services at the more senior levels is a reflection of history. It is not something that I am happy about, but it is something we are in fact very conscious about in terms of the decisions that we all make on merit at the highest level. We are very conscious about trying to reflect properly the gender balance that applies in the general community. I am not in a position to part company with people just to change the gender balance, but you will notice from the senior recruitment list I read out that we have been endeavouring to make sure we make a much better job of that process. When I reflect on executive directors and deputy secretaries, I know that of the two most recent appointments one was male and one was female. It is going to be a process that is not going to rapidly change, unfortunately.

CHAIR—Mr Taylor, we have had a serious gender imbalance in Australia's header drivers, but we are gradually working on it. We have got a few women there now, so we apologise for the—

Mr Taylor—I think we are in front of you.

Senator O'BRIEN—Mr Chairman, I take that point, because there is no gender imbalance for males in the APS 1 to 4 area. In fact, it is the reverse.

Mr Taylor—And that has actually been quite a bit of the experience. We are significantly changing the situation in our recruitment. But when you have people who have been working in the public service who are in more senior positions than EL1 and EL2 levels who were recruited back during the 1980s, they are not in a position to change the gender balance by just neatly paying company. I am painting a period that we are going to go through that is going slowly, but it is certainly high on the agenda. The reflection I made when I went through the appointments on SES is that we are actually trying to address that as we appoint people while we are very strongly focused on the merit issue.

Senator O'BRIEN—I take it you are not looking for any header drivers at this stage?

CHAIR—Horse trainers are another one. We are gradually getting a few female horse trainers.

Senator O'BRIEN—There are quite a gender imbalance there.

CHAIR—Senator O'Brien would know all about that given that he is a great chaff man.

Mr Taylor—I am sure there are a lot of opportunities outside the department, but we focused on the transport and regional service priorities.

Senator O'BRIEN—I suppose header drivers drive things. I understand Mr Fisher is not here today because he is on leave. Is that right?

Mr Taylor—That is correct.

Senator O'BRIEN—In November I asked a question about the work he was doing, and I was told—by you, Mr Taylor—that he was 'providing high-level policy advice in respect of Telstra' for Mr Truss. I have been reflecting on that answer since our last meeting. Isn't telecommunications policy the responsibility of another minister?

Mr Taylor—Quite clearly telecommunications is a major area of government policy. Mr Truss, as the Deputy Leader of the National Party, is obviously vitally interested in that. The Prime Minister had asked the Deputy Prime Minister, quite understandably, to make sure that the issues across a range of Telstra issues were being addressed by this portfolio in its regional capacity. It is a very logical place to have it. Quite clearly the department does not have any prime carriage in it at all, but we do participate in the working groups the department of finance and the department of communications have set up.

Senator O'BRIEN—Is that work ongoing?

Mr Taylor—That work is ongoing.

Senator O'BRIEN—Is he working on anything else?

Mr Taylor—He works on a range of issues that could be of importance in that broad policy end. He is a person who has a broad experience across the transport portfolio and the regional services portfolio. It does not mean we will not use him to do other work and activities.

Senator O'BRIEN—So his work on Telstra is a regional services portfolio duty?

Mr Taylor—I think it is a broad portfolio duty; yes, you could put it in that category.

Senator O'BRIEN—The answer to question on notice corp08 informs us that the internal budget allocation for the portfolio policy and strategic projects division in 2005-06 was \$6.5 million. Is that the budget figure for Mr Fisher's staff and the Bureau of Transport and Regional Economics together?

Mr Taylor—I will let my colleagues deal with the precise issue about the content.

Mr Ash—Yes, it would be.

Senator O'BRIEN—What is the internal budget allocation for Mr Fisher's group?

Mr Ash—I would have to go and get that specific number and come back to you in a few minutes.

Senator O'BRIEN—Can you tell us the amount that has been expended so far this financial year on Mr Fisher's group?

Mr Ash—The component of that budget that relates to Mr Fisher's area is \$1.1 million. I will have to come back on the expenditure to date. I can take it to the end of January. Would that be all right?

Senator O'BRIEN—Yes. The other \$5.4 million is for BTRE?

Mr Ash—Yes.

Mr Chandler—Could I come back to one question that Senator O'Brien asked earlier on the breakdown of the budget for the Canberra accommodation—the national office

accommodation. Of that \$13.1 million, the current estimate for construction is around \$8.7 million; project management design and other consultancy fees, \$1.3 million; furniture and refurbishment of screens and existing furniture, \$2.2 million; and the balance is the contingency, making \$13.1 million.

Senator O'BRIEN—Are those construction costs fixed price contracts or do they have potential escalations?

Mr Chandler—They are not fixed price. We have a pricing on each individual item, a very detailed itemisation of the all-contract costs, and the contingency makes provision for any variation. As I said, we are running within budget.

Senator O'BRIEN—What about the project management costs and consultancy fees?

Mr Chandler—They are effectively fixed.

Senator O'BRIEN—What about the furniture et cetera?

Mr Chandler—That is our estimate of cost.

Senator O'BRIEN—That is not a contract figure yet?

Mr Chandler—There are a number of contracts for different items, but there is no reason to doubt that estimate.

CHAIR—Thank you to everyone from Corporate Services.

[11.28 am]

Portfolio Strategic Policy and Projects

Senator MILNE—I want to pursue some issues that I raised at the last estimates about projections of oil prices and the assumptions that you made about demand side management, particularly for rail networks and so on—the road-rail balance. At the last Senate estimates, you indicated that the Bureau of Transport and Regional Economics had done an academic critique of the long-term supply position in the oil industry. At that stage you did not have your forecasts and you had not revised them. That position has subsequently changed.

I would like some comment about that. I understand that we are now facing an increase in the net import of petroleum products, excluding LPG, from 187 petajoules to 702 petajoules over 25 years. You were making your assumptions on the basis of an oil price of \$40. I would like some comments on whether you still adhere to the notional view that the medium-term oil price will be \$40 and what changes, if any, have been made since your critique and analysis about long-term fuel supplies, import bills and demand management and so on—in other words, strategic issues.

Mr Potterton—There is a very large set of issues there. You are probably aware, but I should emphasise it, that the bureau does not make its own projections of what the oil price will be. We obviously need to make assumptions about the world price of oil and our most recent work, which was in fact undertaken for the Australian Greenhouse Office last year, used an assumption of around \$US35 to \$US40. I am really not quite sure how to respond further. Could I ask you to perhaps clarify what specific information you would like from me in this regard.

Senator MILNE—What I am asking is: how is the fact that in the next 25 years we are going to be importing three times as much oil as we are now and how are assumptions you are making impacting your strategic planning about the provision of rail and roads? It is those strategic planning issues that I am trying to get at. You have just done that assessment and you project that the import bill will treble, and I want to establish whether or not you are changing your thinking on demand side management.

Mr Potterton—Rail is obviously used extensively for urban passenger transport and also for freight. I suppose the main consideration is that there is a huge range of both demand side and supply side factors that determine the outcome in the use of any particular mode, and the price of fuel is only one of them. Certainly it is apparent that, with higher prices over the last 12 months, there has been pressure on urban public transport systems across the country, and one would very much expect that in the short term. In the longer term, it obviously depends on whether prices stay at \$US60 to \$US70, and I think the longer term projections are that that is probably not the case. So you would expect to see some easing on the supply side.

You also expect to see some demand side responses, most importantly in more fuel efficient vehicles than we might have at this point in time, because you would expect that the higher prices stay the more that consumers will be seeking more fuel efficient vehicles and the more that the automotive manufacturers worldwide will be seeking a competitive edge through providing such vehicles. So I think the largest impact will be within the road transport sector rather than thinking of a shift between one and the other. But the higher the prices stay, other things being equal, the more that provides a degree of competitive advantage for rail transport.

Senator MILNE—To follow up on what you are saying about the increased pressure on urban public transport because of increased prices. If you are wrong in your assumptions about the fuel price falling—I obviously come from a different perspective on that as I think prices are going to continue to rise; it is overoptimistic to assume they are going to fall, in my view—do you have some scenario planning about short- and medium-term strategic provision for better urban public transport if the fuel price continues to stay at this level or rise?

Mr Potterton—We do not have a project like that. The bureau works to an approved research program. We are not doing work of that kind in the urban public transport sector at this point in time.

Senator MILNE—Can I ask why you are not doing that. Why aren't you looking at that scenario?

Mr Mrdak—As you would be aware, the Australian government has put, in relation to transport, a great deal of focus on improving transport efficiency through both our investment program and the reform program, some of which Senator O'Brien touched on this morning with productivity gains in the freight task. That is really where the focus has been for the Australian government in terms of our portfolio, which is about improving transport efficiency and obviously that has benefits in reduced fuel usage. As Mr Potterton has indicated, the bureau has done specific research tasks around supply. Also, it is preparing demand projections in relation to a range of corridor strategies which we have now got under way for the AusLink program. However, those demand projections are largely based on

existing assumptions, which Mr Potterton has taken you through. They are probably the two areas on which our current focus is, but principally our activity as a portfolio is about improving efficiency in infrastructure and also transport operations while recognising that public transport—as the secretary outlined this morning—clearly remains the responsibility of state governments.

Senator O'BRIEN—We have heard that BTRE's funding for the year is \$5.4 million. Do you receive any funding additional to the \$5.4 million from external sources including other departments or the private sector?

Mr Potterton—The funding includes a small amount of consultancy and statistical sales income.

Senator O'BRIEN—Is that in addition to the \$5.4 million mentioned earlier?

Mr Potterton—No, it is included in that total.

Senator O'BRIEN—On 8 December last year the *Australian* ran a story about BTRE analysis relating to liberalising access to the Pacific air route. Can you confirm that the bureau has undertaken modelling on the net economic benefit of increased competition on the Pacific route?

Mr Potterton—Yes. We have undertaken a study in that area.

Senator O'BRIEN—When was the work undertaken?

Mr Potterton—Work was undertaken between July and November last year.

Senator O'BRIEN—What did it cost?

Mr Potterton—The study included a consultancy with Access Economics, who assisted us with the modelling work involved in the analysis. The cost of that consultancy was \$69,415.

Senator O'BRIEN—And are you able to cost the bureau's role?

Mr Potterton—We do not routinely cost bureau contributions to projects. I would estimate that you could probably double that figure for a total cost of the project.

Senator O'BRIEN—Were the Access Economic funds paid out of the pool of BTRE funds?

Mr Potterton—Indeed, yes.

Senator O'BRIEN—Did BTRE have the benefit of having access to analysis prepared for Qantas and analysis prepared for Singapore Airlines?

Mr Potterton—There was certainly analysis prepared for Qantas some time previous to our work, which we had access to, and a consultancy was undertaken for Singapore Airlines, which we also had access to. We also spoke to the companies involved during the course of the work.

Senator O'BRIEN—Are you able to confirm that the net benefit of opening up the Pacific route would be just \$10 million in the first year, negligible for seven years thereafter, before returning to an ongoing net benefit of \$2 million per year?

Mr Mrdak—The BTRE work currently forms part of material which is before government and, as the secretary outlined this morning, is being considered by senior ministers. I do not think we are in a position to provide any of the detail of that work at this stage until it has been considered by senior ministers.

Senator O'BRIEN—Apparently the *Australian* has been told about it.

Mr Mrdak—I cannot comment on what numbers the *Australian* has or has not run. As I say, our work has been provided to government.

Senator O'BRIEN—When did government receive that advice?

Mr Mrdak—As you are aware, the minister has publicly outlined the fact that the department has been undertaking work, along with other agencies. That work was brought together towards the end of last year and is before government.

Senator O'BRIEN—The department's annual report indicates that this year BTRE will start new projects on public-private partnerships, freight terminals, the cost of road crashes and the economic turnaround in Tasmania, the latter of course appearing under a state Labor government. Can you tell me where these projects are up to?

Mr Potterton—They are all new projects to commence in this financial year.

Senator O'BRIEN—Have they all commenced?

Mr Potterton—No, they are still to commence. We are not commencing the public-private partnerships project at this stage.

Senator O'BRIEN—You have decided not to do that one.

Mr Potterton—That is right, not at this stage.

Senator O'BRIEN—Has it been deferred to a specific date or deferred indefinitely?

Mr Potterton—We will be considering what should go into the 2006-07 program over the period between now and 30 June, and we will be considering that project among other possibilities.

Senator O'BRIEN—When you say 'we', whom do you mean? Is it the department and the minister or just the BTRE team?

Mr Potterton—The bureau recommends its research program, which we do in consultation with the department and with external stakeholders, as far as we are able to and as time allows. It is approved by the secretary and advised to the minister.

Senator O'BRIEN—Who makes the decision about the release of your research?

Mr Potterton—Because the reports are part of a published program, the expectation is that they will normally be released. But the practice is for the approval for release to be undertaken by the minister. The bureau does a lot of statistics work, which is released routinely without that approval.

Senator O'BRIEN—Individual reports on particular research topics are released at the discretion of the minister; is that right?

Mr Potterton—That is correct.

Senator O'BRIEN—But the normal procedure is that they are released.

Mr Potterton—That is exactly right.

Mr Mrdak—Chair, Mr Ash would like to add to an answer in relation to expenditure this year for individual projects.

CHAIR—Thank you, Mr Ash.

Mr Ash—The expenditure to the end of January was \$554,000. That was against that budget of just over \$1 million.

Senator O'BRIEN—Thank you for that. I just had to refresh my mind and remind myself of what you were talking about again.

[11.45 am]

AusLink

Senator O'BRIEN—Friday's COAG communique noted progress in the implementation of six infrastructure measures agreed at its June 2005 meeting, including a commitment to complete all 24 corridor strategies under AusLink by 30 June 2007 and extending the corridor strategies to include relevant capital city and associated regional ports on the AusLink national network. However, the communique was silent on what progress has actually been made since June. Can you provide us with that advice?

Ms Riggs—Since June, in partnership with the respective state and territory governments we have got to a pretty robust stage for each of the four pilot corridor strategies. We used those as the basis for two very effective workshops with state officials in November and December, which will cause some reworking of the reports of those corridor strategies but which have underpinned the way in which we will proceed with work on a further 12 corridors in about 10 studies which are getting under way now. There will be a subsequent tranche of strategies, which will be aimed at getting us to the COAG requested time frame.

Senator O'BRIEN—So those four pilots are near completion?

Ms Riggs—That is right. Fundamentally, the work is done, but the write-ups and the presentation of the results—in ways that are consistent between studies—need some further work. You will understand the importance of the results being presented in a consistent way.

Senator O'BRIEN—Presumably they are to be presented to COAG first?

Ms Riggs—Yes, that is our expectation.

Senator O'BRIEN—Are they then to be made public?

Ms Riggs—I guess that will be a matter for COAG.

Senator O'BRIEN—With regard to the AusLink negotiations, which states have yet to sign a bilateral agreement with the Commonwealth?

Ms Riggs—I am delighted to tell you that each state and territory has a bilateral agreement.

Senator O'BRIEN—Is it possible for the committee to receive copies of the bilateral agreements now entered into?

Ms Riggs—You will recall that you asked that question last time we were here. We undertook to check that with the minister and, subject to his finalising his views on that, we will respond accordingly.

Senator O'BRIEN—That was nearly three months ago.

Senator Ian Campbell—It would depend on the state ministers, too, wouldn't it?

Ms Riggs—That is the case. We have been going through a process of checking with the state governments as well.

Senator O'BRIEN—So you are waiting to hear back from the state governments?

Ms Riggs—Yes, in some cases.

Senator O'BRIEN—Are there any agreements which state governments have objected to releasing, as distinct from not having responded yet?

Ms Riggs—With those we have heard from, there have been no objections.

Senator O'BRIEN—Going to the issue of particular AusLink road projects, first, I would like to ask about the new interchange at the Ipswich-Logan motorway junction. When will the work start and when will it finish?

Mr Elliott—Approval was given in late June for \$26.8 million in preconstruction funding for the Ipswich-Logan Motorway interchange. The balance, to \$160 million, was approved by Minister Lloyd in December 2005. Registrations of interest for the project were advertised in August 2005, and the schedule aims for the contract to be awarded around the middle of this year with construction to begin in September 2006. The idea is to have the project completed by December 2008.

Senator O'BRIEN—When will the work to improve the layout of the Ipswich Motorway interchange at Granard Road and provide a new overpass for Brisbane-bound traffic be completed?

Mr Elliott—I will come back to that one after I have checked it for you. It might take me a few minutes.

Senator O'BRIEN—When will the upgrade of the section of the Ipswich Motorway between Gailes and Darra start and when will it be completed?

Mr Elliott—The \$320 million project that the Prime Minister announced in November?

Senator O'BRIEN—Yes.

Mr Elliott—We wrote to the Queensland Department of Main Roads in December proposing that we have some discussions on the intended delivery of that work. They have begun to prepare a works proposal and we should receive that in the near future.

Senator O'BRIEN—So that is a fixed dollar financial contribution to the cost of the project, whatever that might be?

Mr Elliott—The allocation at this stage is \$320 million. It would be a matter for the minister to determine if that were to be increased.

Senator O'BRIEN—But at this stage it is a financial dollar—

Mr Elliott—It is a \$320 million fixed contribution.

Senator O'BRIEN—There is a trial project to remove tolls for heavy vehicles using the Logan Motorway after 10 pm. What is happening with that?

Mr Elliott—We have some information that indicates some small effect from the removal of the trial. At this stage, we are still looking at the analysis of that. There are some small impacts. Some of the trucks have not been using the Brisbane urban corridor. They are relatively small impacts. There is a lot more traffic using the Logan Motorway, but it appears to me that that is for different reasons which we are not entirely sure of. At this stage, we need to consider whether there are some other options that could be pursued to decrease the amount of traffic using the Brisbane urban corridor and encourage a greater amount of traffic to use the Logan Motorway. That might include, for example, somehow prohibiting traffic from using the Brisbane urban corridor or some other regulatory means. We need to have a think through some of those issues.

Senator O'BRIEN—Is there a timetable for the trial?

Mr Elliott—The trial was meant to finish around about now and we are expecting the Queensland Department of Main Roads to put some alternative proposals to us in the near future. Obviously, we will need to either continue the trial, while we work out what to do in the next step, or, if there is a better way forward, go forward with that and perhaps discontinue the trial. We have not got a way forward at this stage.

Senator O'BRIEN—What is the budget for the trial?

Mr Elliott—Our funding for the trial is \$3.4 million.

Senator O'BRIEN—What does that cover?

Mr Elliott—That was essentially to cover the cost to Queensland Motorways Ltd of waiving the toll. That is the maximum amount that we were prepared to contribute to that.

Senator O'BRIEN—I presume that the evaluation of the trial is far from complete. Have you got an actual methodology determined?

Mr Elliott—We have had some reports on how the trial has gone, as I was saying before. The methodology originally adopted was effectively to pay for trucks not to have to pay the toll. As I was saying before, that has had some limited effect. We would really like to have a stop, in the sense of a pause and a think as to whether there are some alternative methods that could get a better result than the one we are getting so far. If I could come back to Granard Road, that work is largely almost complete and in fact is well advanced in terms of the progress in building a Granard Road overpass.

Senator O'BRIEN—Has any analysis been done in relation to the origin and the destination of heavy vehicles using the Logan Motorway? You have touched on that in part but not so much on the origin as on the destination.

Mr Elliott—Broadly, the destination appears to be, in many cases, the Acacia Ridge area. But as I was saying before, we need to get a better handle on some of that traffic that may not actually have as its destination the Acacia Ridge area. If we can get some better understanding of where the destinations might be, then obviously if there is a lot of through traffic then there

is a lot of sense in encouraging that through traffic to use the Logan Motorway and go around. If there is not a lot of through traffic, then what we are working with is a much smaller dimension of effect, as it were. At this stage, we do not really have enough information from the analysis of the trial. So we are having a think about how we could either (a) continue with the trial and do some more analysis or (b) do some work that might provide an alternative way forward. We are doing that in cooperation with the Queensland Department of Main Roads.

Senator O'BRIEN—You are giving me the impression that this trial has been cobbled together and that the outcomes are now causing you to think about whether you really approached it in the right way.

Mr Elliott—I would not say the trial was cobbled together. It was a legitimate approach to saying, 'Would there be an effect from reducing the amount of through traffic on a busy road by providing a toll waiver?' Prima facie, that was a good way to go. It was probably the most obvious thing to do.

Senator Ian Campbell—To be frank, it was an idea put forward by Paul Lucas.

Senator O'BRIEN—So you just grabbed it?

Senator Ian Campbell—I grabbed it. I was the minister at the time. You have huge traffic issues up there, you have a fantastic piece of motorway in the Logan Motorway and you have the alternative of driving along the Brisbane urban corridor which, in effect, means that you have to stop at either 14 or 17 sets of traffic lights. I think it perplexed Mr Lucas, and me at the time, as to why people would choose to go along the BUC when they could use the Logan Motorway. Mr Elliott has described some of the issues that might affect people's thinking but we decided to do a trial to remove the tolls particularly at night to see what the impact of that would be. I think it was a very sensible way to go. We are now analysing it with, I would suspect, the full support and cooperation of the minister's office and Queensland Main Roads.

Mr Elliott—Indeed that is so.

Senator O'BRIEN—In relation to the Brisbane urban corridor, which was formerly part of the national highway system, has any progress been made in relation to the upgrade of the intersection of Mains Road and Kessels Road?

Mr Elliott—There has been some minor expenditure to date for initial survey work. A consultant was named recently to undertake some further work on that. We have not made an awful lot of progress.

Senator O'BRIEN—What is the level of the federal financial commitment?

Mr Elliott—At this stage it is \$1.5 million.

Senator O'BRIEN—Again, that is a specific dollar amount, not a proportion of the cost?

Mr Elliott—Yes, at this stage.

Senator O'BRIEN—The government has committed funding to explore a northern bypass project to take traffic off the Ipswich Motorway. How much funding has it committed to examine options for a northern corridor?

Mr Elliott—What do you mean by a northern corridor, Senator?

Senator O'BRIEN—Given my limited knowledge of Brisbane's suburban layout, I thought that describing it as a northern corridor would place it further north of the current corridor and that would be sufficient, but if that terminology is not adequate I am struggling to think—

Senator Ian Campbell—Senator O'Brien is referring to comments—there was a focus at one stage on whether you could move traffic, rather than coming around Brisbane and either over the Gateway Bridge or into Brisbane itself, around to the north and the west.

Mr Elliott—There has been some limited consideration of a western corridor. That would be in the very early planning stages. The Queensland government has, I think, indicated that it proposes to have a general look at that. The Queensland minister has written to the federal minister indicating that he would be very pleased to receive a federal contribution to that. At this stage, the federal minister has indicated that he is reasonably sympathetic to that idea but has not yet agreed to any funding.

Senator IAN MACDONALD—Would you have a say in the path of that corridor?

Mr Elliott—The very first thing that would need to be effected would be some idea of where the corridor might go.

Senator IAN MACDONALD—Would the Commonwealth have a say in that or would it be left simply to the state government as most of these things are?

Mr Elliott—If the Commonwealth participated in the study then the Commonwealth effectively has some say in this money, I guess.

Senator IAN MACDONALD—I believe there is a divergence of opinion between the state government and some of the state and federal members who hold electorates out in that area.

Mr Elliott—With any proposal for a new road there is inevitably a divergence of opinion.

Senator IAN MACDONALD—As long as the Commonwealth has an equal say—excuse me, Senator O'Brien, but it is following on from your question.

Senator O'BRIEN—I wanted to clarify—I think I called it a northern bypass—the northern option corridor is perhaps more correct terminology. Are we talking about the same thing?

Mr Elliott—I think you are confusing two things. One is the Goodna bypass, which is the first thing you were talking about—an alternative northern option to a section of the Ipswich Motorway. The other thing that we have begun to talk about more recently is a proposed, what you might call, western bypass of the majority of the Brisbane urban area.

Senator IAN MACDONALD—If it is part of the AusLink system, what would the funding arrangements generally be? I appreciate it is a long way before any firm decisions are made, but in similar situations does the Commonwealth provide most of the money?

Mr Elliott—Not necessarily. If the Commonwealth agreed to make a new western corridor part of the AusLink national network, there would be a process of negotiations between the Commonwealth and the state. In that circumstance, I suppose it would be rational to say that,

if the Commonwealth were investing money, the more it invested the more say it would want to have on where the corridor went.

Senator IAN MACDONALD—Does your planning accept that Brisbane is becoming a huge bottleneck—as, I suppose, are most of the major capital cities—and that, with the ridiculously large growth in the south-east corner of Queensland, traffic is going to grind to a halt through the centre of the city? That is AusLink because it is the corridor from Sydney to Cairns and Townsville—if anyone worries about Cairns or Townsville. Perhaps the Gateway Bridge is the way, but a lot of the traffic has to go through the centre of the city, particularly traffic coming from the west. Has there been any planning foresight on getting traffic through Brisbane better than now?

Mr Elliott—We have undertaken to conduct what we have called a Brisbane urban corridor study in concert with our state colleagues. That work has only just begun, so I am not really in a position to answer you.

Senator IAN MACDONALD—Would it involve as well the Brisbane City Council—which, as you know, is a government bigger than the governments of Tasmania and the ACT put together?

Mr Elliott—They would certainly be a pretty major stakeholder in that sort of consideration, and we would need to talk to them.

Senator IAN MACDONALD—So you would be considering their solutions for some of the traffic bottlenecks through Brisbane?

Mr Elliott—Indeed. All of the potential solutions would have to be included. In a situation where there is disagreement, then our duty as officials would be to put up the options and describe them as carefully as we could.

Senator IAN MACDONALD—Do you know if the mayor or the administration is being involved in these early discussions?

Mr Elliott—No. I should explain that, quite literally, we had our very first discussion with Queensland only last week.

Senator Ian Campbell—I certainly engaged with them in the early stages. It struck me when I had been minister for a relatively short time that there had not been a strategic look at the needs of south-east Queensland—and many other parts of the country. As you know, the way that south-east Queensland and northern New South Wales interact requires a more integrated approach. It seemed obvious to me. The AusLink framework, I have to say, gave us a tremendous opportunity to put it into that context. When you think about it, we did have a bit of an ad hoc approach to things like the Pacific Highway, the Tugun bypass and the Gateway because of the jurisdictional things—

Senator IAN MACDONALD—Your words, Minister!

Senator Ian Campbell—but when you jump in a helicopter, or sit in a car and drive around it, you realise it is quite integrated. I have always thought the solution to the Ipswich Motorway, the Brisbane urban corridor, the Gateway, the Tugun bypass and how far you expand the Bruce Highway was interlinked into not just the growth patterns but also the

economic base of south-east Queensland, so I am pleased to see that what I thought was very forward-looking thinking from that minister has been carried forward.

Senator IAN MACDONALD—Indeed, you were involved—if I can be personal about that—but I expect it has gone off the boil a fraction since then. I urge you to pass on to the minister and the officials that they should ensure that the mayor and the city council administration are very closely involved in any discussions about what is lining up to be one of Australia's great traffic bottlenecks.

Senator O'BRIEN—I do not know why you talk about the Brisbane City Council like that! The northern option corridor—now the Goodna bypass—is what I was talking about; we were talking about Noosa. How much funding has the government committed to examining options for this bypass?

Mr Mrdak—Up to late last year the Commonwealth would have contributed up to \$10 million for further studies to examine the options available for such a bypass.

Senator O'BRIEN—What does 'up to \$10 million' mean?

Mr Mrdak—Ten million dollars is what has been made available through the AusLink budgeting process for the necessary studies. We are now at the stage of working out with Queensland the terms of reference for the additional studies required—for undertaking studies such as geotech, further detailed planning work and the like—which will enable the governments to then consider the costs and the viability of the various options available as to a northern bypass.

Senator O'BRIEN—Does it mean the cost of the studies up to a maximum of \$10 million?

Mr Mrdak—That is right.

Senator O'BRIEN—Is there a fixed period that it is available for or is it just for as long as it takes to do the studies?

Mr Mrdak—We and Queensland are working towards having the studies completed by the third quarter of this year or later this year.

Senator O'BRIEN—Are the studies under way?

Mr Mrdak—We have just started that process with Queensland in the last few weeks.

Senator O'BRIEN—What evidence suggests that this route would alleviate the traffic congestion on the Ipswich Motorway?

Mr Elliott—Essentially, the traffic on the Ipswich Motorway, which is currently about 80,000 vehicles a day, is the primary suggester that possibly an alternative might be required. As you probably know, there are two schools of thought. One is that the existing Ipswich Motorway should be expanded to six lanes and the other is that a northern bypass—or the Goodna bypass, as I have started referring to it—should be constructed as a way of taking traffic, and that would quite naturally provide another four lanes and lead straight on to the Logan Motorway.

Senator O'BRIEN—Has the \$2 million committed to the TransApex tunnel study been expended?

Mr Elliott—Yes, I think we have provided our funding for that. I will check that in a moment but I am pretty sure we have.

Senator O'BRIEN—What is the outcome of the study?

Mr Elliott—I do not know. I would have to take that on notice.

Senator O'BRIEN—Has the Commonwealth made any further financial commitment to the TransApex tunnel proposal?

Mr Elliott—No, not at this stage.

Senator O'BRIEN—How much has the Commonwealth committed to the second Toowoomba range crossing project?

Mr Elliott—Around \$35 million in land acquisition costs, but most recently there was an announcement of a \$10 million allocation to examine the potential for a PPP.

Senator O'BRIEN—How much of that \$45 million in total has been expended?

Mr Elliott—I have probably got that information here, if I can find it for you in a moment.

Senator O'BRIEN—When will the current range of projects be completed?

Mr Elliott—Are you talking about Toowoomba?

Senator O'BRIEN—Mainly the second range crossing project.

Mr Elliott—That is a fairly long term project. It would be some time in the future. It is not funded to a greater extent than the amounts I have indicated in the current five-year AusLink program, so any large amounts of Commonwealth funding or indeed a proposal to undertake it as a PPP are still some way off. This is the investigatory stage.

Senator O'BRIEN—Is some sort of tollway being investigated?

Mr Elliott—Effectively it is a tollway.

Ms Riggs—If I may add to Mr Elliott's answer: that \$10 million is as yet unspent and unscheduled. But the previous commitment by the Commonwealth of \$33.25 million was paid out over a period of years up to and including 2004-05.

Senator O'BRIEN—When did the study into the upgrade of Mains Road and Kessels Road get under way?

Mr Elliott—It would have been during 2004-05 that we started to spend a little bit of money.

Senator MILNE—I want to talk about the corridor strategy in relation to Tasmania—that is, Hobart through to Devonport and Burnie. At the last hearings I asked some questions in relation to this, and you indicated that discussions were going on with the Tasmanian government. Would you tell me where your strategic planning is up to for that corridor from Hobart through to the north-west coast ports.

Mr Elliott—We have not actually commenced that study. It is in a slightly later tranche, but we should be able to find a time line.

Ms Riggs—It is in the tranche of projects that we hope to start somewhere around the middle of this year. Indeed, that is a negotiated outcome between us and the Tasmanian

authorities. We have had some very preliminary conversations with them about how, when we get to that study, its terms of reference ought to be constructed so as to recognise that the transport task in Tasmania does not run just from Hobart to Launceston and Burnie, but the reason it does run there is in order to move across Bass Strait, predominantly to Melbourne. So that will be very much part of how we shape up that study when we get to it.

Senator MILNE—Continuing on that particular study, you say that work on it will begin in the middle of the year. What is the time frame for making those kinds of studies? Do you give yourselves 12 months or 18 months? What do you do?

Ms Riggs—As has already been noted here today, COAG has asked that officials have all 24 of these corridor strategies completed by June 2007. Please bear in mind that this is based on only four pilot corridor strategies that have been done to date, and the Tasmanian corridor will represent some new thinking because of the sea link element in it. It is our current expectation that that one will take something in the order of six to eight months. So, if it gets under way from about the middle of this year in a timely way, I would hope that it would be finished towards the end of the first quarter of 2007.

Senator MILNE—I understand that feeding into that was an independent assessment of the Tasmanian rail system, which was meant to have been completed by 30 November. There were two aspects to that: one was the commercial and financial viability, and the second was the impact of rail on the Tasmanian economy. Where has that gone in relation to your strategic planning processes?

Ms Riggs—That piece of work was not part of the corridor strategy for south-north Tasmania. It was a quite explicit piece of work agreed between the Tasmanian and federal ministers in relation to the proposition put by Pacific National that it was in need of government support if it were to continue to operate its containerised and general goods traffic on the Hobart to Launceston line. That report, to which there were three separate elements, was to the federal and Tasmanian governments and jointly funded by those governments. As a result of government consideration of those reports and other matters, the federal government has made its position in relation to PN's operation of that line quite clear: it has put an offer on the table.

Senator MILNE—Were all parts of that report made public?

Ms Riggs—I have quite clearly said to you that that was a report to governments. I do not believe that those reports have been made public.

Senator MILNE—Is it intended that they will be, Minister?

Senator Ian Campbell—I think the answer is no.

Senator MILNE—Is there a reason for that?

Senator Ian Campbell—I think there are a number of reasons, to be frank. Firstly, a lot of the work that has been prepared for those reports is commercial-in-confidence and they are reports prepared for the cabinet's consideration by the government agencies at the Commonwealth and state levels. Ultimately, the governments would have to make decisions based on that information and stand accountable for those decisions.

Senator MILNE—While I appreciate that, I would have thought there was public interest in having the second part of that report, the impact of rail on the Tasmanian economy, in the public arena. Do you disagree?

Mr Wolfe—If I could clarify, two studies were performed: one was done for the Australian government, which got into what I would describe as the economics of the service; the other, which was a broader study in relation to the Tasmanian economy and rail, was done for the Tasmanian government by Maunsell's. So I think your question could be directed to the Tasmanian government.

Senator MILNE—I have a question in relation to a section of rail in Sydney. During the last estimates, Mr Elliott, you referred to the letting of tenders on a section of rail in Sydney which was causing blockages to freight as passenger trains were given priority and you indicated that work was going to be done on that. Can you update me?

Mr Wolfe—I will try and help Mr Elliott. There is certainly some work being done on a significant rail freight upgrade to the north of Sydney. On 24 November the minister announced \$2 million towards planning for that work.

Senator MILNE—Thank you.

Senator IAN MACDONALD—At what stage is the planning for the AusLink work on the Bruce Highway immediately north of Townsville? I understand the Thuringowa City Council has been in touch with the government about the urgent need for works to be done on the off-ramps to the northern beaches suburbs. That is an area of Townsville that has, again, grown exponentially and the state of the highway there is quite dangerous at the moment with traffic backing up as it tries to get off the highway to the northern beaches. A lot of work has been done by the Thuringowa City Council and its mayor, Councillor Tyrell. At what stage is the planning between the Queensland and Commonwealth governments on that part of the road?

Mr Elliott—I am not aware of whether there is some individual planning by the Queensland Department of Main Roads for that particular section of road. What I can tell you is that we have done quite a bit of work as part of this Brisbane to Cairns corridor study, and there are a number of issues emerging in relation to that. There are significant lengths of the Bruce Highway that probably need additional overtaking lanes, but I cannot at the moment tell you exactly what is happening with that piece of road.

Senator IAN MACDONALD—You are quite right—the whole highway grossly needs a lot of overtaking lanes and other upgrades. As one who drives it at least a couple of times a year from Townsville to Brisbane, I can confirm that. But this one is quite specific and it urgently needs action. It is on the main highway, so it is not just a Thuringowa City Council issue. But they are at a stage where they have to spend money on some intersection upgrades. Unfortunately, the exits to the northern beaches turn off the Bruce Highway and go across a railway line and then out to the beaches. That makes it doubly difficult. But it is starting to clog up the highway because of the line-up of traffic waiting to turn out of the highway. I understand that Thuringowa City Council need to spend quite a lot of money very soon on their own account, and it would seem to be bad planning if the essential work that is needed on the Bruce Highway in the area is not done in conjunction with it. If the Thuringowa City Council do it by themselves, I understand it will be a sort of stopgap short-term operation

which will not last the years, whereas if it is all done together there will be a saving of money across the three levels of government.

Ms Riggs—I had the pleasure of visiting Townsville in the latter part of last year.

Senator IAN MACDONALD—It is always a pleasure to have you as well.

Ms Riggs—Thank you very much, Senator. I met with the Townsville office of the Department of Main Roads. They have some terrific forward-looking plans for their section of the Bruce Highway. I was able to see precisely the issue that you are talking about and other issues they see forthcoming as more and more land is opened up in that northern beaches area. From the perspective of the AusLink investment in the Bruce Highway, one of the issues that we and QDMR are struggling with at the moment in terms of federal investment for the next three years is precisely how you prioritise some of the competing pressures on that highway. Indeed, there are some issues about the very intersection that you are talking about—when the construction work will take place on the Thuringowa River bypass piece of the Bruce Highway, which takes the highway further out of the centre of the central business district of Townsville where it is currently.

The Townsville office has put to us that the work you are talking about is needed and that it needs to happen in conjunction with Thuringowa City Council. I have to say that our response to them has been that QDMR needs to come to us with a set of priority proposals about what the Bruce Highway needs in total. We are not ignoring the need for works that perhaps comprise packages of smaller works, but Queensland has to get its act together about the totality of the road. It is not sensible from a federal government perspective to have our investment done in an unstrategic way. So we are awaiting further advice from Queensland on those issues.

Senator IAN MACDONALD—Thanks for that. I more than most understand that. The state government and the whole system, I have to say, with respect, is stupid. We provide the money. We allow the state governments to do the planning, so their political imperatives quite often take the case, and then we end up funding it. I know we are not going to change that here in an estimates committee today, but there will be deaths in this particular area shortly, and if it is not going to be funded under AusLink it will be funded under the black spots program or some other emergency thing, because it is quite critical. Is there anything the Commonwealth, as the substantial funder, is able to do to insist that Queensland, colloquially speaking, gets its finger out and makes some decisions? I understand that there are a lot of decisions across Queensland that need to be made but are not being made, I suspect because the state government is working out which are the best ones to announce in the run-up to the state election. Is there anything that the Commonwealth can do to hasten the processes and bring them to finality?

Ms Riggs—That is not an easy task for us as officials. We have great relationships with officials in all the state road authorities, and I happily include the Queensland Department of Main Roads in that group. They too struggle—and I make no reference to your comment about what happens in terms of the political cycle—with how to balance priorities across networks and across the several sources of funding that come into their considerations on how to pull together the program in any year or cycle of three years. I have some sympathy for

them when we say we want to see a more strategic view of the priorities across the Bruce Highway, in part because they have a structure, as you know, which has broken Queensland into a number of regions. They do planning within those regions and then have to pull those plans together. We can simply encourage and cajole, and we are running, I think, a pretty good line in that at the moment. I am hopeful that in the near future we will get the DMR response to ‘Tell us about your strategic proposals for the highway.’

Senator IAN MACDONALD—Again, what you say is 100 per cent correct. As a Queensland senator, I try not to be too parochial. I drive from Ayr to Townsville everyday for work. A lot of things need to be done to that piece of roadway, including the outrageous allowance of the Townsville City Council to build a dump off the main highway without any additional laneways or infrastructure going into it. That is a matter I have written to the minister about and will be pursuing—now that I have a little more time to pursue these things!

CHAIR—It’s good fun!

Senator IAN MACDONALD—I would rather be doing the other things, but this is probably second best. Even in spite of the things that need to be done between Ayr and Townsville, the important issue is really north of Townsville, in the Thuringowa City Council. You might note my interest in that, and perhaps the minister could pass on to his colleague the importance, at a political level, of trying to get the Queensland minister engaged. Regrettably—and this is of no interest to officials—this area is within the electorate of Kennedy, where the member, Mr Katter, has little interest in these sorts of things. In his absence, let me assure you that I will be trying to help the Thuringowa City Council and the people of that area on what clearly needs to be done. Thank you for showing an interest, and come back to Townsville as often as you can.

Ms Riggs—Thank you.

Senator O’BRIEN—Especially this month.

Senator IAN MACDONALD—What is this month?

Senator O’BRIEN—It is a particularly hot month, I believe.

Senator IAN MACDONALD—No, it is always beautiful in the north.

Ms Riggs—I am heading west this month.

Senator O’BRIEN—While we are talking about Queensland, has work to improve the intersection at Plainland on the Warrego Highway been completed?

Mr Elliott—The contract was awarded on 29 March 2005 and the project is nearing completion.

Senator HOGG—I drove through there a fortnight ago and it did not look too near completion to me.

Senator O’BRIEN—And it was expected to be open to traffic in January.

Mr Elliott—In that case, I suggest it must be falling behind a little bit. I cannot give you an answer on that. I would need to find out.

Senator HOGG—Take it on notice. I would be interested, as it is part of my constituency.

Senator Ian Campbell—What is your assessment?

Senator HOGG—It is a nuisance.

Senator O'BRIEN—I want to ask about the Pacific Highway in New South Wales in particular. On 23 December, Mr Lloyd and the New South Wales Minister for Roads issued a joint statement entitled 'Ministers unite to accelerate Pacific Highway upgrade'. In relation to the memorandum of understanding that was the subject of the announcement, is it the case that the only agreed action is the formation of a working party?

Ms Riggs—I think it is fair to say that the MOU does two things. It sets out jointly agreed outcomes and outputs for a north coast motorway agreed between the two governments. But, yes, in order to give effect to that it commits governments to the establishment of an officials level working party.

Senator Ian Campbell—It also builds on historic levels of massively increased investments announced under AusLink for a period of at least the next five years.

Ms Riggs—Our funding commitment is to the end of the current AusLink program.

Senator O'BRIEN—Mr Lloyd said that both governments would:

... immediately assign technical and financial experts to explore future options for the highway.

Was the working party formed immediately?

Ms Riggs—On our behalf Mr Hogan undertook consultations with New South Wales officials during January. We have now come very close to concluding the terms of reference and operating arrangements between us, other Commonwealth agencies and the relevant New South Wales agencies. The senior executive level steering committee will meet later in June. The working party is meeting the week after next.

Senator O'BRIEN—For the first time?

Ms Riggs—In full session for the first time.

Senator O'BRIEN—That will be the end of February?

Ms Riggs—Actually the first week in March.

Senator O'BRIEN—It overlaps the end of February and the beginning of March?

Ms Riggs—Yes.

Senator O'BRIEN—When was the working party formed? When did you know who would be on the working party or is that not yet the case?

Ms Riggs—No, we have agreed membership of the working party.

Senator O'BRIEN—When was that?

Ms Riggs—It was about two or three weeks ago.

Senator O'BRIEN—Who is on it?

Ms Riggs—I and Mr Hogan, from the federal Department of Transport and Regional Services. I do not have the list in front of me.

Mr Hogan—I can add to that. In fact, the approach that has been taken is to establish, (1), a high-level steering committee and, (2), a working group. The high-level steering committee will include, on the Australian government side, Susan Page, from the Department of Transport and Regional Services, and David Yarra, from the Department of Finance and Administration. On the New South Wales side, it will include a representative of the Road and Traffic Authority and a representative of the New South Wales Treasury. At the working group level there will be a couple of representatives from the Department of Transport and Regional Services and again a couple of representatives from the RTA. The thinking is that we will keep membership relatively fluid as to who participates in what meetings to ensure that there is the best flow of information. There will be a good deal of technical expertise brought to the table particularly by some of the RTA officers. It is also assumed that there will be significant work to be undertaken by consultants.

Senator O'BRIEN—Do these two areas, the steering committee and the working group, have a specific terms of reference?

Mr Hogan—The terms of reference are still being developed.

Senator O'BRIEN—Is that something that is being worked on by officers from the two departments?

Mr Hogan—We met with the RTA on 16 January, discussed the very issue of terms of reference and left our thoughts with the RTA. My understanding is that the RTA is currently developing some terms of reference based on that discussion for consideration at the first meeting. The first meeting will actually be a combined meeting of the steering committee and the working group.

Senator O'BRIEN—When will the process report to government, given that it has not started yet? When do you expect that it will report to government?

Mr Hogan—It is anticipated that the first major report would be ready for government by October or November this year.

Senator O'BRIEN—One of the issues to be addressed by the working group is, apparently, year-by-year funding arrangements, including options to accelerate completion, such as tolls and private sector investment. Are there any restrictions on the recommendations available to the working group with respect to funding?

Ms Riggs—I believe the request made of the working group by governments leaves officials with scope to be as creative and broad-reaching as we think is sensible.

Senator O'BRIEN—The Deputy Prime Minister says heavy vehicles could be asked to pay a \$70 toll to accelerate progress on the Pacific Highway. Is that a proposal that has been the subject of work by the department?

Ms Riggs—That was a statement by the former Deputy Prime Minister, who I think—

Senator O'BRIEN—Sorry, yes, he was minister for transport as well.

Ms Riggs—We have done no significant formal work ourselves on what the level of toll might be.

Senator O'BRIEN—No, I think it was the current Deputy Prime Minister, Mr Vaile, who made the comment.

Ms Riggs—Oh, recently.

Senator O'BRIEN—Yes, on 8 January. So you have done no work on that.

Ms Riggs—Yes.

Senator O'BRIEN—The second part of the statement on 23 December is related to a further program of works for the Pacific Highway. Can you tell me, for each project subject to the announcement, is the Commonwealth committed to an equal share of the actual project funding or a capped dollar amount?

Mr Hogan—I think on the whole we would be looking for fifty-fifty funding arrangements on the specified projects, but that may vary. The determining fact is, at the end of the five years of the first AusLink program, the Australian government will have contributed an additional \$480 million to projects on the Pacific Highway. At the end of the day, funding will be determined in accordance with that cap.

Senator O'BRIEN—A dollar cap?

Mr Hogan—A dollar cap.

Senator O'BRIEN—With respect, that is a contradictory answer. If it is fifty-fifty but there is a dollar cap, then you really do not have a fifty-fifty commitment: you have got a capped commitment.

Mr Hogan—But, within that capped commitment, it is anticipated that on the whole we will be funding fifty-fifty. It is roughly the way the work will fall out—

Senator O'BRIEN—On the currently estimated costs, you expect it to be fifty-fifty but, if the costs increase, you will not be funding any more than the capped dollar amount. Is that right?

Ms Riggs—I have been reminded by Mr Mrdak that we as a department have had a consultant look at some issues to do with private financing options in a kind of the theoretical and general sense and then narrow that down to a number of roads. While there is nothing definitive in that work, the Pacific Highway is one of the highways that the consultant looked at as an illustration of what you might do in a private finance-toll-government finance sort of mix. I am correcting my earlier statement that we have done no work in that area: it is true that the department has not, but the Pacific Highway was one of a small number of roads that consultants looked at to illustrate its propositions.

Senator O'BRIEN—When was that done?

Ms Riggs—It was completed in the early part of last year, before I came into this position; hence my confusion.

Senator O'BRIEN—Where do those reports go?

Ms Riggs—This one is sitting there waiting for us to do some further digesting and work out what we want to do with it.

Senator O'BRIEN—Can we have a copy of that report?

Ms Riggs—No. It is a working document prepared for the department.

Senator O'BRIEN—So it is not protected?

Mr Elliott—I will answer that. We have been asked by federal cabinet to have a look at the possibilities of tolling and whether it is a good or bad idea. That is consistent with the general direction expressed in the AusLink white paper that the government would in the future look at the possibilities of tolling. The work that was done for us last year involved some preparatory work that would feed into a cabinet submission.

Senator O'BRIEN—When were you asked for this material?

Mr Elliott—By the cabinet?

Senator O'BRIEN—Yes.

Mr Elliott—Probably at the beginning of last year.

Senator O'BRIEN—At the beginning of 2005, there was a cabinet request of the department to work on the tolling on the Pacific Highway?

Mr Elliott—Not specifically on the Pacific Highway. Cabinet had asked us to have a general look at those issues. The work that Ms Riggs referred to would feed into that. We would be a bit remiss to disclose that generally before cabinet has had a chance to consider the outcomes of the work that we have been progressing.

Senator O'BRIEN—There was a cabinet request at the beginning of 2005, but they have not been supplied with anything yet?

Mr Elliott—Not at this stage.

Senator O'BRIEN—They are very patient.

Mr Elliott—Indeed.

Senator O'BRIEN—You have not had a follow-up about the information?

Mr Elliott—To be honest, we have had a couple of reminders, but we have a number of other things that we are trying to progress at the same time. We have turned our main attention, as you would have previously deduced, to getting the AusLink program under way and getting the corridor studies under way. So we have had a lot on our plate.

Mr Mrdak—That is not conclusive.

Senator O'BRIEN—You have the material. I think Ms Riggs told me the work was done between 2003 and the beginning of 2005.

Ms Riggs—With respect, that is one of a number of inputs that we would take into account in putting a considered position to cabinet. We would need to talk to Finance, for example, about the sorts of views being expressed there. They have overarching responsibility to the government for its purchasing framework and its policies in relation to such matters as PPP. There is quite a lot of work to do there. It is not as simple as the department asks a consultant to provide it with some advice and that turns straightaway into something that goes to cabinet.

CHAIR—Could I make a plea that it not be a force-fed operation like the Sydney tunnel so that poor buggers like me who want to avoid the toll can still get up the coast without being forced under the tollway?

Ms Riggs—The ministers, in announcing the signing of the MOU and the work that they have asked officials to bring back to both governments, have made statements about the need for there to be alternative local roads and that particular consideration be given to local travellers.

CHAIR—You never know, I might want to take the horse and sulky—it would not fit on the freeway—

Senator O'BRIEN—Come on; you can afford to make a contribution to the roads as well. Can we return to the question Mr Hogan was answering?

Mr Hogan—The simplest way of answering that is to say that both the New South Wales and the Australian governments have each undertaken to provide \$480 million to this program of work. In general terms, that is fifty-fifty. Precise contributions to individual projects may vary. In fact, the Australian government has also said that it will seek further funding for the Pacific Highway in the future.

Senator O'BRIEN—The federal government said it will seek further funding—is that right?

Mr Hogan—I cannot remember the precise wording of the white paper, but the federal government has stated an objective of duplicating the Pacific Highway by 2016, and it has said something like, 'Additional funding will be sought from future budgets.'

Senator O'BRIEN—You mean the federal government will look at providing more money itself towards those projects?

Mr Hogan—Beyond 2008-09.

Senator O'BRIEN—But the amount available until 2008-09 is the capped dollar amount you referred to?

Mr Hogan—That is right.

Senator O'BRIEN—So the completion of the projects involved is conditional on either their coming in under the current estimated cost or the states paying more than a 50 per cent share? I am assuming the costs will go up, which they normally do.

Mr Hogan—I think it is probably fair to say that the amount of money being provided by the two governments is pretty fairly calibrated to the needs of the projects that have been set out.

Senator O'BRIEN—As currently estimated.

Mr Hogan—That is right.

Senator O'BRIEN—How many projects are you aware of that are completed for the original estimated cost? Perhaps I will put it a different way. There are not many projects completed for the original estimated costs, are there?

Mr Hogan—Are we talking about two things here?

Senator O'BRIEN—Roads projects.

Mr Hogan—You mean in general terms?

Senator O'BRIEN—Yes. I cannot think of too many.

Mr Hogan—I think we had a bit of a conversation about this at the last estimates, and it is fair enough to say that a fair portion of projects exceed the original estimated costs.

Senator O'BRIEN—All I am trying to find out is whether there is a cap on the amount provided by the Commonwealth or whether they will provide 50 per cent.

Mr Hogan—I think there is a definite cap. But, as I say, the choice of works is fairly well matched to the funding available. You potentially have cost increases. You also potentially have delays in projects.

Senator O'BRIEN—I take it that you would not put any good money on the projects not running over the cost estimates.

Mr Hogan—We will make every endeavour to ensure that they do not, but these things can be out of our control.

Senator O'BRIEN—When will the route be determined for the Sapphire to Woolgoolga project?

Mr Hogan—I understand that the route has already been determined. It was announced by New South Wales on 7 December 2004.

Senator O'BRIEN—I think the Roads and Traffic Authority is at the moment 'working with the council to protect the preferred route for the southern section bypassing Coffs Harbour'. What work is involved there? What does that mean—'protecting the preferred route for the southern section bypassing Coffs Harbour'?

Mr Hogan—It normally means including it in something like a local environment plan, which is the case in this instance.

Senator O'BRIEN—When will the route for the Banora Point deviation project be determined?

Mr Hogan—New South Wales hopes to finalise the route selection for this proposal by the middle of 2006.

Senator O'BRIEN—I want to ask some questions about the reallocation of funding originally committed by the Commonwealth to the Scoresby project in Victoria. Is it the case that only \$267 million of the \$542 million earmarked for the Scoresby project has been relocated to other Victorian projects?

Mr Hogan—No, that is not the case. On 2 February it was announced that \$23.5 million had been allocated to the Arcadia section of the Goulburn Valley Highway. That brought the amount allocated to Victorian projects up to \$290.5 million.

Senator O'BRIEN—What has happened to the remaining \$251.5 million?

Mr Hogan—Announced reallocations of the money previously allocated to the Scoresby are as follows apart from the Victorian projects: \$10 million to the Goodna bypass investigations, \$10 million to the Toowoomba Range investigations, \$100 million to the

strategic regional program and an additional \$11.9 million allocated to the Great Eastern Highway-Roe Highway interchange in Western Australia. That brings the total of funds reallocated from the Scoresby to \$422,400,000.

Senator O'BRIEN—So there is about \$100 million remaining to be allocated?

Mr Hogan—Yes. That is a matter for the government.

Senator O'BRIEN—Okay. On 10 January the *Herald Sun* attributed a commitment to Mr Lloyd that Victoria would get the vast majority of the Scoresby funds. Do you know if that is going to be the case? Is that actually a government commitment?

Mr Hogan—That matter would have to be pursued with Minister Lloyd.

Senator O'BRIEN—You are not aware of it being a government commitment, is that what you are saying?

Mr Hogan—I am aware that at this stage \$290.5 million has been allocated out of the \$540-odd million.

Senator O'BRIEN—The specifics of the allocations are the amounts allocated to the Calder Highway and the Deer Park bypass, aren't they, and anything that flows out of the strategic regional Roads to Recovery fund, which is completely unknown?

Mr Hogan—You are right. There is potentially \$290.5 million for the three designated projects. There is also the possibility of Victorian projects winning money from the strategic regional fund.

Senator O'BRIEN—But no guarantee.

Mr Hogan—I think that is subject to processes that others are better qualified to talk about.

Senator O'BRIEN—All right.

Mr Mrdak—Senator O'Brien asked a question earlier concerning funding provided by the government for accommodation capital works through a new policy. I am advised that, over the period 2003-04, to date the government has provided funding of \$10.8 million for accommodation capital works through new policy.

Proceedings suspended from 12.58 pm to 2.00 pm

Senator O'BRIEN—Does the signing of the AusLink agreement with Western Australia mean the Commonwealth will honour its commitment to fund the Peel deviation?

Ms Riggs—Yes. Part of the agreement between ministers that led to the Western Australian government signing that agreement was that the Commonwealth confirmed its commitment to provide \$170 million towards that project.

Senator O'BRIEN—So regardless of the actual cost of the project that is the cap?

Ms Riggs—It is an absolute cap, yes.

Senator Ian Campbell—It should be pointed out that initially the WA government sought funding for a road called the Peel deviation. The project is not now technically the Peel deviation, and that is because when I was roads minister I suggested that building the Peel deviation without extending the Kwinana Freeway would be really quite silly. So the

Commonwealth's offer to the state government and the original AusLink offer was to, in fact, fund significantly more than the Western Australian government had sought and to perform a continuous build of the Kwinana Freeway to link it with the Peel deviation as one project. We also made it a condition that construction should commence in 2006. The state government had made it clear to us in the negotiations that they did not want to do that—they were in fact looking at a post-2010 commencement—so we made it an initial condition that the commencement of construction was in 2006.

Senator O'BRIEN—Is the estimated project cost still \$450 million?

Ms Riggs—That is our most recent advice from the Western Australian officials.

Senator O'BRIEN—What is the basis of the \$170 million if it is supposed to be a joint funding proposal?

Ms Riggs—I think we might have had a discussion about this last time we were here. That was the original offer that the Commonwealth made at the time. It was originally an offer of \$150 million against a cost then estimated by Western Australia of \$300 million for the total project, which subsequently grew to \$340 million. The Commonwealth agreed—I believe during the federal election campaign—to increase its contribution by an additional \$20 million to \$170 million.

Senator O'BRIEN—That was based on a \$340 million estimate?

Ms Riggs—That is what I said, yes.

Senator O'BRIEN—What is the relevance of the advice from Minister Campbell about the Commonwealth imposing some requirements on additional roadworks?

Senator Ian Campbell—We are talking about the same project. I was just clarifying: you called it the Peel deviation; technically, it is the Peel deviation and the extension of the Kwinana Freeway.

Senator O'BRIEN—So there is no additional work involved in extending the Kwinana Freeway?

Senator Ian Campbell—I think that is where the interesting political play occurred initially. I am only assuming this, because I do not know—I only know via scuttlebutt. Initially, the state government did not seek funding for the extension of the Kwinana Freeway; they just submitted one proposal, which was for the Peel deviation. I think one of the reasons their costings have been incredibly shoddy is that they had not done a lot of work on the Kwinana Freeway extension. The WA government has a reputation, which you may not have heard over here, for very, very bad cost blowouts with projects and bad costings. It is running a very big project at the moment that is being disastrously managed by the state Labor government. We hope the same management approach will not be evident with the construction of the Kwinana Freeway and Peel deviation.

Senator O'BRIEN—They will probably stay out of canals, won't they?

Senator Ian Campbell—I would hope so. The way they run projects, you would not want them in anything that is—

Senator O'BRIEN—We would not want anyone digging canals, would we? In November the government's position was that it would not allocate funding unless the whole project was completed by 2009. I understand that has changed. Now the requirement is that the project be 'sufficiently complete', whatever that means, by 2009.

Ms Riggs—I do not have with me a copy of the correspondence which details the precise terms of the agreement but, in lay terms, I would say to you that the commitment is \$170 million towards the total cost of the project and, as Senator Campbell has outlined, to start before the end of calendar 2006, to be built as a continuous build and to be complete in 2009.

Senator O'BRIEN—I am asking about a change in the terminology from complete to 'sufficiently complete'. I am inquiring as to what that means.

Ms Riggs—To sufficiently complete it so an official opening ceremony could take place before the end of 2009.

Senator O'BRIEN—Senator Sterle reminds me of the opening of Adelaide airport. That is an interesting point to remind me of at this time. Mr Hogan mentioned some additional money for strategic regional projects under R2R, but I would like to ask about the projects where funding has been announced under the strategic regional projects element of Roads to Recovery. Firstly, in New South Wales, can you tell us where the Princes Highway and Pambula River bridge project is up to?

Ms Armitage—In terms of the Princes Highway safety works, we have not yet received a full proposal from the state government. However, there has been approved a small package of works for the Jervis Bay Road and Princes Highway. In terms of Pambula bridge, the state has agreed to match funding. The project proposal report has not yet been received. We understand that should be coming in the near future.

Senator O'BRIEN—This was announced in 2004?

Ms Armitage—Yes.

Senator O'BRIEN—Do we have any idea at all about when it is likely to be completed?

Ms Armitage—As we have not had the project proposal report, it is not possible to actually tell you that.

Senator O'BRIEN—What about the Bateman's Bay Bypass?

Ms Armitage—The Bateman's Bay Bypass project proposal report has been received, and we have requested additional information regarding traffic studies, the BCR findings and environmental approaches. There has been some communication in the period of June till February about that particular project. I understand that they had to have an environmental and heritage investigation into that.

Senator O'BRIEN—Is it also true we have no idea when that project will be completed?

Ms Armitage—I will just get some information on that; I believe we may very well have it. It is expected to commence in July 2006 and to conclude in 2008.

Senator O'BRIEN—Is that early 2008?

Ms Armitage—I have not got those details.

Senator O'BRIEN—How is the Wyong-Warnervale link road project progressing?

Ms Armitage—This project is currently in its planning stage. It is difficult to give a date as council is currently seeking tenders for the design and investigation of the link road. This should be completed by March 2006. Early advice from the council indicated that the northern end of the link road is looking to be complete by 2007. That is a contribution of \$2.5 million to a total project cost of \$60 million. The balance of the project is to be funded by developer contributions in the council, and that process has taken quite a while.

Senator O'BRIEN—How is the strategic regional project in the greater regional centre of Bondi Beach going?

Ms Armitage—The Bondi Beach project will have a total cost of \$9 million, and I understand \$2 million will go towards stage 2. The council have had some reorganisation, which they indicated had held up some of the planning. We contacted them on 9 January and we are still waiting to hear the detail of when their project proposal will be provided. Following discussions with the council, the contribution is towards the resurfacing of the road behind the beach and towards building a new intersection at Campbell Parade and Lamrock Road. This is part of a larger project.

Senator O'BRIEN—That is at least 18 months in gestation so far.

Ms Armitage—The projects were announced in late 2004, yes.

Ms Riggs—It is fair to point out that, while a number of projects were identified by the government during the 2004 election campaign, it was not until well into 2005 that the government announced its decisions in relation to how it would give effect to commitments that it had made during the campaign. That was in the context of an estimates process at around this time last year.

Senator O'BRIEN—The government promised to pay money towards particular projects. I am not sure what you mean by 'how to give effect to'.

Ms Riggs—Were it to be re-elected.

Senator O'BRIEN—Some projects were committed to during the campaign, some before. It is interesting terminology: how they would give effect to the promise. If you say you are going to give money to a project, I am not sure how giving effect to that would be taken to mean anything other than pay the money over?

Senator Ian Campbell—You can put it in the budget and you pass the appropriation through the parliament. That is how it works in government.

Senator O'BRIEN—The budget was last year; this is about the additional estimates for moneys that have—

Senator Ian Campbell—If this is about the additional estimates, we would be finished them by now.

Senator O'BRIEN—I know.

Senator Ian Campbell—It is not about additional estimates.

Senator O'BRIEN—Of course not. What about the Lakes Way and Dungog Road project? What is happening there?

Ms Armitage—The Lakes Way project is subject to a state government contribution and at this stage the New South Wales government has actually declined to contribute to that. Both projects are almost ready to commence, but obviously the matching funding of \$2 million has not yet been provided by the New South Wales government.

Senator O'BRIEN—That is the Lakes Way part of the project, is it?

Ms Armitage—That is correct.

Senator O'BRIEN—What about Dungog Road?

Ms Armitage—The Dungog Road is in a similar position. It requires a contribution from the state government. Minister Tripodi has advised that New South Wales will not be contributing to it. The project proposal has been received and assessed, and it would be ready to go forward.

Senator O'BRIEN—Will those moneys be reallocated to another project?

Ms Riggs—That is a matter we will have to consult with the minister about.

Senator O'BRIEN—When was the advice from Minister Tripodi that the state government would not match funding given?

Ms Riggs—Last month.

Senator O'BRIEN—What progress has been made on the Great Alpine Way project in Victoria?

Ms Armitage—There were community consultations on the Great Alpine Road project in Victoria in August last year, and a letter was received from the state minister, Mr Batchelor, on 21 January, advising that the priorities had been identified and ranked and that they were preparing to scope and cost estimates for the key priorities. It also said that the Victorian government would continue to assess its contribution. The proposals that have come from VicRoads are currently being assessed by the engineer.

Senator O'BRIEN—What about the Metung Boardwalk?

Ms Armitage—Tenders have been awarded and construction is expected to commence late in February. We expect that it would be completed by June 2006.

Senator O'BRIEN—And the Yan Yean road project?

Ms Armitage—Traffic lights were integrated into the network and became operational on 17 October 2005.

Senator O'BRIEN—What about the Bryn Mawr project in La Trobe?

Ms Armitage—The contract was awarded on 21 September, and the preliminary work has commenced. The project is expected to take 15 months to design and construct.

Senator O'BRIEN—No funding issues?

Ms Armitage—No.

Senator O'BRIEN—What about the Tablelands road project in Queensland?

Ms Armitage—There has been no formal response from the Queensland minister to the fact that there is a state contribution required for that, although we do understand from the Queensland Department of Main Roads that it is possible that they will agree to match that funding. We understand from QDMR that the project is in the planning phase, but we have not received any documentation. According to the Queensland Department of Main Roads, we should get the project proposal report by mid February, so we would be looking for it soon.

Senator O'BRIEN—Yes, we are just about there. The River Heads Road project is in Mr Truss's electorate. How is that going?

Ms Armitage—There is no state contribution to the River Heads Road because it is actually a local road. The council provided a project proposal report in late October, and planning and design are being completed. The project is supported locally and we actually wrote to get more information on it. I understand that contacted them to get more information after we had actually go the comments that we had asked for on their project proposal, so that is moving along.

Senator O'BRIEN—What about Bribie Island Road?

Ms Armitage—There is no state contribution required on the Bribie Island road commitment. We do understand that there has been a major upgrade of the road to a four-lane road, but there could also be some interim safety issues to be addressed. We are actually waiting to hear formally from the Queensland Department of Main Roads.

Senator O'BRIEN—How is the Daintree Road project proceeding?

Ms Armitage—That is what I call the Russett Park Bridge one at Mareeba. I wrote to the council last month requesting some clarification on the funding and the costings for that.

Senator O'BRIEN—Is that all that has happened on that project?

Ms Armitage—We understand that the council, which is contributing about \$200,000, has actually commenced some work with that \$200,000.

Senator O'BRIEN—But no Commonwealth money has been paid?

CHAIR—What is that one?

Ms Armitage—It is the causeway over the river that goes up to Russett Park.

CHAIR—Is it the road where you have to get the ferry across the river?

Ms Armitage—No. It is just a causeway. It is a single causeway.

CHAIR—It is interesting to talk about roads in great detail when you have got no idea where they are.

Ms Armitage—Some of them I have visited, but not that one.

CHAIR—No, but listening here I have got no idea of them. Neither does he, by the way.

Senator Ian Campbell—I go to most of them, Chair. I am going to the Daintree ones.

Senator O'BRIEN—Under Tasmanian projects, there is 'north-eastern Tasmanian roads'. That is a pretty broad term. Can you identify the specific road projects?

Ms Armitage—For Sisters Hills?

Senator O'BRIEN—No. These are 'north-eastern Tasmanian roads' identified in your answer of 18 March.

Ms Armitage—I have been to part of this part of the world. As for the Tasman Highway, at this point in time there are continuing discussions with the department of infrastructure in Tasmania. The Tasmanian government has indicated that it cannot quite match funding this year but will in fact look at matching it in 2006-07. I understand the project is for the upgrading of a four-kilometre section of the Tasman Highway between Nunamara and Targa. The actual section appears to be between Tharra Creek and Camden Hill Road. As you can understand, we have not had a project proposal report yet. This is in preliminary discussion with the department. This could change when the project proposal report comes in. I understand that the upgrading work will address poor vertical and horizontal alignments which affect visibility for road users. It is proposed to increase the road width from five metres to seven metres and also to do some work on the Trout Creek bridge.

Senator O'BRIEN—So that is just the one project for \$3 million?

Ms Armitage—The total project cost is \$3 million, with a Commonwealth government contribution of \$1.5 million. But, as I said, this is just the preliminary.

Senator O'BRIEN—That is half of the amount referred to in the answer as to 'north-eastern Tasmanian roads'. So \$1.5 million of the \$3 million is for the upgrade of the Tasman Highway between the Bridport and Scottsdale roads?

Ms Armitage—Yes, that is right. There is a total cost for that of \$3 million with a contribution from the Australian government of \$1.5 million. The Tasmanian roads minister, Mr Bryan Green, announced on 4 May that the Tasmanian government would allocate it. The funds are \$1.5 million. The planning and final designs have been completed, but we have not yet finished our assessment of it.

Senator O'BRIEN—When do you think that will be completed?

Ms Armitage—It should be within the next month to six weeks at the latest.

Senator O'BRIEN—For how long has the Commonwealth been considering its position?

Ms Armitage—According to my notes, the project proposal came into the department on 30 November.

Senator O'BRIEN—I know that Mr Lloyd has participated in a sod-turning ceremony at Sisters Hills in Tasmania with his state counterpart. Do you know when the project will be completed?

Ms Armitage—It is expected that the final payments will be made in 2007 or 2008. There is a range of projects there, with all projects expected to be completed by 2009.

Senator O'BRIEN—As contemplated by the Commonwealth's \$15 million contribution—is that what you mean?

Ms Armitage—The cash flow for the project has not yet been determined. Obviously, the state government is putting in \$15 million. As we move into a funding agreement with the Tasmanian government, the cash flow will be determined.

Senator O'BRIEN—This is an improvement, not a rebuild, isn't it?

Ms Armitage—There is a range of projects: improvements to the climbing lanes—widening and extending; improvements to the Devil’s Elbow Road and some junctions; and improvements to bridges as well. It is mainly straightening curves and lowering crests—widening, rehabilitation and strengthening.

Senator O’BRIEN—The Commonwealth contribution is \$15 million?

Ms Armitage—Exactly.

Senator O’BRIEN—Maximum?

Ms Armitage—Yes.

Senator O’BRIEN—So whatever that and the state’s \$15 million provides will be the extent of the project?

Ms Armitage—If there are any cost increases, that would have to be discussed, but the Commonwealth contribution is capped at \$15 million.

Senator O’BRIEN—Does the department have any idea of the complexity of the project? Do you have any precise ideas of the work to be done and preliminary costings to see that it fits within the \$30 million cap?

Ms Armitage—The project proposal report would include those details.

Senator O’BRIEN—How is the Outback Highway proceeding? There is \$2.52 million allocated to the seat of Kalgoorlie.

Ms Armitage—The Western Australian government has agreed to match funding of \$2.52 million. The Northern Territory at this stage has agreed to match only \$2 million but will consider additional funding in the future. The government has agreed to look at providing \$2 million to the Northern Territory part of the Outback Highway, which is matched by their funding. To date, the Queensland government has not formally informed us of the \$3 million that is required from Queensland, although we understand from officials that this will be available. The Outback Highway Development Council is coordinating it. There have been a number of consultations with the department. They have prioritised 10 projects within the amount that has actually been committed so far by governments. For instance, for the Northern Territory part, the Plenty Highway, which is worth about \$1.6 million, they are looking at doing some work. The balance of the Northern Territory will be part of another section of the Plenty, which is about widening and strengthening.

Senator O’BRIEN—In addition to the election promises valued at \$93 million for the strategic roads regional program, \$30 million has been committed to unincorporated roads. How much of that \$30 million has been allocated this financial year? And can you tell me where it is allocated by state and territory?

Ms Armitage—For this year, \$7.5 million is allocated for roads in unincorporated areas. I will get a breakdown for this financial year. I can give you the full year program allocations, if you like?

Senator O’BRIEN—That would be good.

Ms Armitage—For New South Wales, it is \$2.514 million; South Australia, \$10.78 million; Northern Territory, \$16 million; and Victoria, \$64,000—which is for French Island.

There is \$7.5 million for unincorporated areas for 2005-06. To divide it, New South Wales receives \$629,000; Victoria, \$16,000; South Australia, \$2.69 million; and Northern Territory, \$4 million. There is some rounding of figures there.

Senator O'BRIEN—There is a little bit left over, isn't there?

Ms Armitage—For the Indian Ocean territories.

Senator O'BRIEN—How much will they be getting?

Ms Armitage—I will have to get back to you on that. That figure is not here.

Senator O'BRIEN—Whatever is left over?

Ms Armitage—The Indian Ocean territories will be getting \$636,000 in total; \$159,000 for this financial year.

Senator O'BRIEN—Can the committee be provided with a full schedule of AusLink projects showing the start date, actual or proposed expenditure by year and the expected completion date for each project?

Ms Riggs—Which projects? Under which program element?

Senator O'BRIEN—Do you mean road projects?

Ms Riggs—No. I meant which element of AusLink. AusLink comprises the investment program as enshrined in the bilaterals, plus Roads to Recovery, plus strategic regional, plus black spots. Which element of that are you interested in?

Senator O'BRIEN—I think we are talking about the infrastructure projects rather than Roads to Recovery or black spots.

Mr Mrdak—The AusLink National Network projects.

Ms Riggs—And what are you looking for in respect of each of the projects?

Senator O'BRIEN—I want the start date, the actual or proposed expenditure by year and a completion date.

Ms Riggs—I think we can do that. You will appreciate that the money is phased across the several years that it takes for a major project to pan out. We redo that estimate in partnership with the state road authority only once a year. The estimates are not regarded as firm at all until such time as we have assessed the project proposal report from the state. As long as you accept that they do shift around depending on how the projects go, I think we can do that based on—

Senator O'BRIEN—I think you can put a caveat on the answer that you will give.

Ms Riggs—We will do that.

Senator O'BRIEN—Can we get a spending profile for the previous and the current financial years of the black spot part of the AusLink program?

Ms Riggs—By state?

Senator O'BRIEN—Yes. Have you got it broken down by project? Is that easy? I would have thought you would have spreadsheets which set that out.

Ms Riggs—It is quite a detailed list. I do not want to stop you from getting it, but it is quite detailed. Again, it is subject to quite a lot of variation from time to time because the actual proponents of the projects are a mix of state governments and local councils.

Senator Ian Campbell—They were all announced publicly, though.

Ms Riggs—Yes, but that is not necessarily the scheduling of the money. Senator O'Brien, we can certainly give it to you by state, and we will give you the current year's proposed expenditure—would that be helpful?

Senator O'BRIEN—We are getting there. Thank you for that. The answer to Senate question on notice No. 1185 tells us that councils in receipt of Roads to Recovery funds must purchase and erect Roads to Recovery signs. Why do the councils have to bear this burden?

Ms Riggs—It is one of the conditions of funding under the program.

Senator O'BRIEN—So the Commonwealth requires them to do that?

Ms Riggs—Yes.

Senator O'BRIEN—Do we know approximately how much these signs cost each?

Ms Armitage—I would have to get back to you on the precise cost of the signs, but I do know that the signs have been constructed so that they do not have to reproduce a sign every time. They hang the name of the project off it, often underneath it, as a way of recycling the signs.

Senator O'BRIEN—So there are standard words that apply to these signs?

Ms Armitage—There is a standard sign with a design that they have to follow as part of the funding conditions.

Mr Mrdak—Senator, can I clarify whether you are suggesting that we are forcing councils to bear the cost of the signage separately to the R2R moneys?

Senator O'BRIEN—The answer does not make that clear. It says the councils in receipt of funding are required to erect and maintain signs at both ends of each project. It does not say whether that is funded.

Mr Mrdak—To clarify: in providing the R2R funding, our expectation is that local government would largely fund those signs out of the R2R funding. We are not expecting councils to find additional moneys for those. It is not an additional impost on local government.

Senator O'BRIEN—So, for every project valued at \$10,000 or more, part of the cost is these signs?

Mr Mrdak—In providing the project moneys, as Ms Armitage has indicated, one of our conditions is that signage is also provided which shows that it is an R2R project.

Senator O'BRIEN—I am just trying to get an idea of how much is taken up in the funding for the promotional work.

Senator Ian Campbell—That is a very good question, and it is one that I asked former senator Graham Richardson when I was sitting over there where you are and he was sitting here, where I am. He gave much the same answer.

Senator O'BRIEN—You have been the minister; you must have found out the answer for us—you will be able to tell us.

Senator Ian Campbell—You could ring up a sign company and find out how much it costs to make a sign. It is not very much. I think governments around Australia think that when you build a road you should have some sort of demonstration of how it was paid for, because it is something that the public takes a big interest in.

Senator O'BRIEN—You do not build roads with black spots; you might fix a few. Perhaps that is a generalisation but, generally speaking, you do not build roads under the Black Spot Program. Is there any information on how much it costs?

Senator Ian Campbell—You would have to stockpile a lot of signs to pay for half a kilometre of road.

Ms Riggs—I have asked one of our team members to ask a person in the division who might best know the answer to your question about how much a sign like that costs. I hope to have an answer for you very soon.

Senator O'BRIEN—Thank you. I think we have established that it is a requirement imposed by the Commonwealth that there be signs on projects provided the projects are of a value of \$10,000 or more and it is the councils who are responsible for supplying and erecting the signs. Do we have any idea how many Black Spot Program and Roads to Recovery signs have been erected at projects around the country?

Ms Riggs—I do not believe we have ever done the arithmetic because, as you are probably aware, the Roads to Recovery program works on the basis that, while councils are required to submit a program of works for each year, they are also certainly able to change that program of works during the year to meet all the contingencies that might come to a council in the course of the year. As for precisely how many projects are completed in any given year and therefore might require signs because the contribution is over the threshold—the current requirement is \$10,000—we have simply not done that.

Senator O'BRIEN—I would imagine that that might be audited as part of checking whether the contract had been met. Are you saying you do not do that?

Ms Riggs—When we do an inspection of a council's R2R works, we would certainly check to see that the required signs were in place. But I do not for a minute suggest that we get to all 700 councils or anything like that in any given year in order to assess their program of works for that year or for that year and the year before.

Senator O'BRIEN—Have you got the specifications for the signs somewhere? Is there a booklet or something?

Ms Armitage—The sign specification is part of the funding conditions.

Ms Riggs—We will seek to table that extract from the funding conditions before the end of today.

Senator O'BRIEN—Thank you for that. Is it the case that under the current AusLink funding model the maintenance and/or installation of some important fatigue prevention measures, like audible line marking and rest stops, is the responsibility of the states?

Ms Riggs—I am not quite sure that I understand your question. In each of the AusLink bilateral agreements there is a sum of money which is for maintenance funding, and some of that can be spent on minor works. The states are responsible for delivering maintenance to the national network to maintain it at standard. Unless for some reason in the context of a major project we have specified certain measures because of consultation between our engineers and the states, I do not think that there is a requirement for such safety measures to be installed in particular circumstances.

Senator O'BRIEN—I suppose rest areas and audible line markings—I am sure you know what I mean by that—

Ms Riggs—I do know what you mean. I had to ask what they were called when I came into this job.

Senator O'BRIEN—I am given to understand that, where those need to be added as, say, a retrofitting to areas of high accident risk on what was known as the national highway system, they are now the responsibility of the states. That is what I want to be clear on.

Mr Hogan—Under AusLink, the Australian government is providing a contribution to maintenance funding of the network. The states are also expected to provide a contribution to maintenance of the network commensurate with their previous level of contribution on those parts which are new to the network and were not part of the former national highway system. We are looking to develop agreed fit-for-purpose standards with each of the states and territories which will set a standard for the network to be maintained at. If money is required to go to essential minor works in that context, I am sure that we will look at accommodating that.

Senator O'BRIEN—If the states come up and say the budget is \$50 million, will the Commonwealth make a proportionate contribution or will they make a fixed dollar contribution?

Mr Hogan—The Australian government's contribution to maintenance is fixed for each state, but if the state can still maintain their network at an agreed level of service and they wish to allocate some of the Australian government money or some of their money to things like audible edge lining then, as I say, I am sure that can be accommodated.

Senator O'BRIEN—Has the AusLink funded review of intermodal terminals been completed?

Mr Wolfe—I think it would be best to say that the finishing touches are being put on the report as we speak.

Senator O'BRIEN—Is that no?

Mr Wolfe—The details have been finished; it is basically a proof-reading exercise.

Senator O'BRIEN—What will it cost when it is completed?

Mr Wolfe—I think you asked us that—

Senator O'BRIEN—I suppose I did, but I thought it might have changed because you have not completed it and, as you still have not completed it, it might still change.

Mr Wolfe—I am pleased to advise that it has not changed. The amount is \$188,166, and that includes GST.

Senator O'BRIEN—Is it intended to release it publicly?

Mr Wolfe—That is a matter for the minister.

Senator O'BRIEN—In November we were informed that \$61.4 million of AusLink's rail money was unallocated. The department was assessing bids at that stage and expected to make a recommendation to Mr Truss by the end of the year. Mr Truss has made some AusLink rail funding announcements. Does that come from the pool of unallocated money?

Ms Riggs—Yes. That announced the government's decisions so far for rail projects funded under AusLink.

Senator O'BRIEN—Can we get a list of the projects funded and the amounts of money involved?

Ms Riggs—I think they are probably the subject of a ministerial media release, but I am sure that Mr Wolfe can provide you with the details of those.

Senator O'BRIEN—Sometimes you do not have ministerial media releases.

Ms Riggs—There have been occasions like that, haven't there, Senator?

Mr Wolfe—As Ms Riggs has indicated, the minister announced a number of projects on 24 November, so we can certainly provide you with those details.

Senator O'BRIEN—Does that deal with the \$61.4 million that was previously unallocated.

Ms Riggs—In the event, it slightly exceeded the \$61.4 million by about \$5 million.

Senator O'BRIEN—On 16 December Mr Truss joined the Tasmanian Minister for Infrastructure, Energy and Resources to announce a rescue package for Tasmanian freight rail services. Just to be sure, can you outline the terms of the package for us?

Ms Riggs—They were detailed in a ministerial release at the time. I cannot say anything other than what was in that release.

Senator O'BRIEN—Pacific National has not yet agreed to the terms, as I understand it.

Ms Riggs—We understand that the board is currently scheduled to meet on the 21st of this month and that this is a matter they will be considering at that time.

Senator O'BRIEN—Did Mr Truss meet the board of Pacific National last month?

Ms Riggs—Not to my knowledge.

Senator O'BRIEN—Did he meet representatives of Pacific National?

Mr Wolfe—I think we would have check on that with the minister.

Senator O'BRIEN—What role is the department playing in seeking a resolution to the crisis?

Ms Riggs—The federal government's offer is on the table. We have catching-up discussions with Tasmanian officials on an irregular basis and, as I said earlier, we understand

that the Pacific National board has yet to consider this matter but that it might do so later this month.

Senator O'BRIEN—Is the real problem in this matter the war between Toll and Patrick Corporation or are there other issues at play?

Ms Riggs—I do not think that I could speculate about those issues. Certainly the proposition that Pacific National was seeking some form of government assistance in order to keep operating was first made to government some months ago, and it was never couched in terms of issues to do with the ownership of Pacific National.

Senator O'BRIEN—Was this department consulted by Mr Samuel during the ACCC's consideration of Toll's proposed acquisition of Patricks?

Mr Mrdak—The department provided submissions to the ACCC in relation to their discussion paper and their consideration of the proposal by Toll to acquire Patrick.

Senator O'BRIEN—Is that document available to the public?

Mr Mrdak—Not to my knowledge. As far as I understand, the ACCC has not published that submission.

Senator O'BRIEN—Is there any reason the committee could not see a copy of it?

Mr Mrdak—I would have to check, if you would not mind, with the ACCC in relation to their process. The submission was provided in response to their request for submissions. How they then deal with it is a matter for them. As you are aware, there is a prospect of legal action being taken by the ACCC in relation to that matter. It would be in the context of that that I would seek advice, if you would not mind, in relation to the status of our submission.

Senator O'BRIEN—Has a model rail safety reform bill now been agreed by all jurisdictions?

Mr Wolfe—The principles of a model rail safety bill have been agreed by ministers. At the ATC meeting in November, ministers asked that the National Transport Commission expedite its work to complete that bill and it is anticipated that they are working towards having that bill ready for voting by ministers in April.

Senator O'BRIEN—Thank you. I do not have any more questions for the AusLink part of the program.

Ms Riggs—With the chair's indulgence, we have three matters that we have discussed today about which we either would like to make a correction or said we would give you some additional information. Some two to three years ago we estimated that at that time a pair of R2R signs would cost in the order of \$530. They are reusable and are often reused. So there is the answer to one, and Mr Elliot has two matters.

Senator O'BRIEN—Minister, you learn something every day.

Mr Elliot—If I may, I might add that I think I advised you, Senator O'Brien, that the cost of the night toll waiver was \$3.4 million. I should have said \$1.4 million. In relation to the question that I took on notice from you, Senator Hogg, we were advised by the Queensland Department of Main Roads that the Plainland Road interchange is expected to be opened at the end of March.

[2.55 pm]

Maritime and Land Transport

Senator O'BRIEN—Did the National Transport Commission submit a final recommendation to the Australian Transport Council in November on the third heavy vehicle price determination?

Mr Mrdak—Not at the November meeting. At that stage, they were completing the draft regulatory impact statement, and they certainly provided advice to the council on the direction of that. The result was that the voting period was still some time off—they had only just closed the period of public comment—and the Australian Transport Council asked the NTC to finalise the regulatory impact statement in light of comments received in the public comment period. The formal voting period for the National Transport Commission recommendation commenced in late January and voting will close on 21 March.

Senator O'BRIEN—That is the process for agreeing the outcome of this proposal?

Mr Mrdak—In accordance with its processes, the National Transport Commission has now circulated to each of the Australian Transport Council ministers a formal proposal, with the necessary voting papers, to enable that vote to take place.

Senator O'BRIEN—Must all ministers agree to the whole package for changes to be implemented?

Mr Mrdak—The proposal is a complete package which includes the NTC's recommendations on both vehicle registration charges and fuel excise charges. So, yes, it is a single package which ministers are being asked to vote on as a whole.

Mr Wilson—I believe that you asked, 'Do all ministers have to agree?' It is a majority vote.

Senator O'BRIEN—When does that vote conclude?

Mr Mrdak—The concluding date for the NTC vote is 21 March.

Senator O'BRIEN—And the proposal they are voting on is the recommendation by the National Transport Commission?

Mr Mrdak—That is correct. They have been tasked, under the intergovernmental agreement, to review national heavy vehicle road charging at regular intervals. This will be the third such determination, as the title indicates. They then put forward a proposal based on the principles that have been given to them by the transport ministers in relation to the development of the proposal.

Senator O'BRIEN—How is Minister Truss taking into account concerns raised by the trucking industry about the impact of increased charges?

Mr Mrdak—Clearly, the government has heard some very strong views from the road transport industry about the proposed charges. We have received detailed advice from the Australian Trucking Association and other groups in relation to their views on the methodology utilised by the National Transport Commission and the way in which that has been determined. They have some issues with that. I think the minister is taking all of those

factors into account as he considers the Commonwealth's position. But there is no doubt that the Australian government is very concerned about the quantum of charges involved.

Senator O'BRIEN—Have his concerns in that regard been factored into the ministerial response to the NTC proposal which has now gone to ballot?

Mr Mrdak—The concerns of the road transport industry and industries affected by any such price increase are being fed into the minister's consideration of the issue. The Australian government has yet to form its position on the NTC's recommendation. That process is now under way.

Senator O'BRIEN—Did the NTC's recommendation go to the ministers for a final assessment before a proposal went to ballot?

Mr Mrdak—There have been various officials who have certainly been working through the various draft documents. There was a discussion paper, then a draft regulatory impact statement and now the final regulatory impact statement. As I said, ministers at the November ATC meeting were briefed and discussed the methodology, in lies that point, but did not reach any outcomes or conclusions at that time.

Senator O'BRIEN—The national heavy vehicle safety strategy says that fatigue is one of the most significant risk factors in heavy vehicle safety, in part due to the long distances travelled and industry payment practices. I understand the NTC has been doing some work on tackling fatigue in the transport industry. Can you tell me what work this department has done?

Mr Mrdak—We have certainly been part of the NTC process and involved as part of the officials group working with the NTC on their regulatory proposals. I do not have the details of where that is up to at the moment. I can endeavour to find out a little bit more detail for you.

Senator O'BRIEN—Can you please do that. The Senate inquiry into the government's Work Choices legislation heard evidence that its passage would affect safety in the transport industry. Has the department done any work on whether making transport workers work longer for less would have an impact on road safety?

Mr Mrdak—I am not aware of any such work within the department, no.

Senator O'BRIEN—Has the department considered the impact on other road users of making transport workers work longer for less?

Mr Mrdak—I could not comment on the impact of legislation on operating practices. I will say that there has been a lot of work done by all jurisdictions over the last few years in relation to driver hours and regulatory arrangements around heavy vehicles. That has come into place in a number of jurisdictions through various legislation changes that have been put in place. I certainly could not make any link between the federal workplace legislation and what that may do to those issues. I think they are separate issues.

Senator O'BRIEN—But this purports to be corporations power legislation. It can override the state's law if the Commonwealth is correct about the constitutional power the Commonwealth has given under the corporations power.

Mr Mrdak—I am sorry, I just am not able to comment on whether there is any link between workplace relations legislation and how that might impact on heavy vehicle operating requirements under various state legislations.

Senator O'BRIEN—Corporations power legislation might affect workplaces. I guess that is one of the points that I was wondering whether the department had done any work on. Clearly, there is an interface between the Commonwealth and the states. You raised the issue of the work the states have done on the regimes that apply to transport drivers, particularly truck drivers, I was just wondering whether there was any contemplation about a changed environment in the context of the new legislation.

Mr Mrdak—Certainly not on our part that I am aware of. I do not think that has been drawn to my attention at all.

Mr Wilson—No, not that I am aware of. I can take it on notice and check and see if we have done any work on it—

Senator O'BRIEN—I would appreciate it.

Mr Wilson—and provide you with an answer, but not as far as I am aware.

Senator O'BRIEN—What funding does the Commonwealth allocate to road safety research?

Mr Mrdak—I think that question is probably one for the ATSB in the next program, if you would not mind.

Senator O'BRIEN—Would whatever funding that is allocated in this portfolio be in the ATSB pot, as it were?

Mr Mrdak—Yes. We do obviously provide funding to the National Transport Commission in relation to the regulatory work that they do, some of which, as you mentioned, does impact, but our predominant role in this portfolio is done through the ATSB program and vehicle standards.

Mr Robertson—The government does fund vehicle standards research. In the last budget and the one before the allocation was \$500,000 per annum.

Senator O'BRIEN—So it is that plus ATSB.

Mr Robertson—Yes.

Senator O'BRIEN—Do you know if there is any funding directed at road safety by departments or agencies outside this portfolio? I suppose it is a strange question to ask, but I am just trying to think of where else it might come.

Mr Mrdak—There may well be programs which impact through the health portfolio and other areas, but I am not immediately aware of that at this stage.

Senator O'BRIEN—Has the department done any work on the impact of the national skills crisis on the transport sector, not just with respect to qualified drivers and seafarers and the like but also engineers and others responsible for the design, construction and maintenance of our transport infrastructure?

Mr Mrdak—As you may be aware, the Commonwealth has provided funding for work with New South Wales in relation to skills development in the transport industry. That was an initiative of the former Deputy Prime Minister. We have provided \$4 million for that project, which is a national training initiative. That is in recognition of the fact that there are segments of the transport industry which need to attract new skills to the industry. Certainly, the rail industry has identified very strongly that it has an ageing workforce and a narrowing skill base, so part of that initiative—and I can get some more details for you in relation to that—is designed to address some of those issues. As to what research we have done, it has principally been through those existing mechanisms and that funding for the cooperative venture with New South Wales, which will be a national training initiative.

Senator O'BRIEN—Has any work been done by the department on the increased costs of capital for projects confronting state and local governments as a result of shortages in skilled personnel for design and construction of transport infrastructure projects?

Mr Mrdak—Not work as such. It is an issue we have discussed with our AusLink colleagues and are discussing with state roads authorities in relation to how much of an impact shortages might cause. Particularly at the moment there is a high level of economic activity in the construction industry, including the civil engineering industry. The degree to which that is impacting on some of the prices and the tender prices we are seeing for road-paving projects is obviously an issue we are discussing with state agencies. I am not aware that any research has been commissioned by our portfolio.

Senator O'BRIEN—Has the department quantified the areas of need at the operational and professional level? I suppose if you have not done any work, you would not have done that.

Mr Mrdak—Again, our involvement is through the discussions we have with the tendering parties, particularly state RTAs, and some of the transport industry in relation to where their skills shortages are and where that might impact.

Senator O'BRIEN—Am I correct in understanding that the Maritime and Land Transport division of the department is responsible for coastal shipping policy but that the Office of Transport Security administers the single and continuing voyage permit regime?

Mr Wilson—Yes.

Senator O'BRIEN—I want to ask about the review of coastal shipping policy that Mr Sutton advised us was under way in November. Did Mr Truss get around to issuing terms of reference or did the review remain the informal process which you described?

Mr Sutton—Yes, it has continued under the approach I think I outlined at the last hearings, which was basically consultations with stakeholders, the development of some possible changes and seeking stakeholder feedback on those possible changes.

Senator O'BRIEN—So Mr Truss did not get around to issuing terms of reference?

Mr Sutton—No, there were no formal terms of reference for the changes we have been looking at.

Senator O'BRIEN—Which stakeholders were involved in the review?

Mr Sutton—We prepared a paper containing possible changes to the guidelines, and that was circulated to 69, I think, stakeholders.

Senator O'BRIEN—Can you supply us with a list?

Mr Sutton—Yes, we can certainly do that.

Senator O'BRIEN—Has feedback been provided to the stakeholders?

Mr Sutton—Not at this stage. The stage we have reached with the possible changes is that we sent the draft changes out to stakeholders, we received 11 submissions in response to those possible changes, we have prepared advice for the minister, which the minister is considering, and we will advise stakeholders of the outcome of the process when that is completed.

Senator O'BRIEN—Did this review consider the direct benefits, such as security benefits, that accrue from a viable domestic shipping industry?

Mr Sutton—The genesis of the review was discussion principally with the Australian Shipowners Association. The possible changes that were circulated, I suppose it is fair to say, focused on the discussions we had had with the ASA. We flagged with stakeholders that it may not be a single-stage process, and certainly the submissions that came in made comments on a range of issues, including security. We will be considering those, firstly as part of the first stage but also in any subsequent consideration of further changes.

Senator O'BRIEN—Mr Sutton, in November you said that Mr Truss had asked the department to 'review the rule providing for the non-issue of a permit to a vessel subject to an AMSA detention in the previous six months'.

Mr Sutton—That is correct.

Senator O'BRIEN—Does the current rule have some foundation in safety considerations?

Mr Sutton—The background to the current provision in the guidelines is that there was a case of a vessel several years ago which was leaking oil and which was subsequently convicted of an offence under the Protection of the Sea (Prevention of Pollution from Ships) Act. It was before my time, but when the department considered that case in the context of the then guidelines it was considered desirable to incorporate a new provision to ensure that there was adequate scope in the guidelines to handle those sorts of situations effectively.

We have found, though, that the provision as it is in the guidelines at the moment, which basically says, 'If there has been any detention in the last six months you are unable to receive a permit,' is too inflexible because AMSA may detain a vessel for very sound reasons but, in the scheme of things, it may be a very minor problem. The vessel may be detained for only an hour or something like that. We had views expressed by applicants and shipowners that there was not enough flexibility with the current provision. We agreed with that view, and that was reflected in the draft that went out to stakeholders for comment.

Senator O'BRIEN—What sorts of minor reasons are you talking about for which AMSA would detain a vessel?

Mr Sutton—Detentions can be put in place—for example, there may be a leaky seal on a piece of equipment, which can be fixed up very quickly and may result in the vessel being

detained for only a very short period. But that counts as a detention as much as a vessel which may have major areas of rust or faulty steering gear or something along those lines.

Senator O'BRIEN—You are saying that there are actual incidents which came into play which prevented the issue of a permit that involved a short-term, minor issue detention?

Mr Sutton—That is correct. They are minor in the sense that they are easily remedied. The fact that AMSA detains them indicates that they are significant in a safety sense, but it may be due to a very minor piece of maintenance that needs to be done.

Senator O'BRIEN—Doesn't detention, if it gets to that point, show something about the standard of maintenance on a vessel?

Mr Sutton—It can. But for offences—and this is a feature of the representations we were receiving from shipowners—it may indicate that something is seriously wrong with the maintenance regime. On the other hand, it may be a minor problem, which, as I said, happens with the best maintained ships and is easily remedied. We received evidence that some shipowners in Australia use a very comprehensive system for checking their ships and ensuring they are suitable for carrying cargoes around the coastline or, for that matter, on international voyages. Detentions have happened in the case of those ships, even though they are demonstrably very well maintained vessels, simply because these sorts of things happen from time to time.

Senator O'BRIEN—The permits do not apply to Australian ships, do they?

Mr Sutton—No, that is right. But BHP Billiton are a case in point. They have their own ships and also from time to time use permit vessels. When they need to get a permit vessel to carry cargoes around the coast, they use a vetting system to help them determine whether a vessel is appropriate. They will ensure the vessel gets a tick from that vetting system before they charter the vessel.

Senator O'BRIEN—Has Mr Truss asked the department to have a look at other specific matters as part of this review?

Mr Sutton—Detention is the only specific issue that I can recall.

Senator O'BRIEN—You told us in November that draft changes would be issued to stakeholders. Do you know when that will happen?

Mr Sutton—That is the process I have outlined, whereby the draft changes were circulated to stakeholders.

Senator O'BRIEN—Sorry, you did say that. Is there a timetable for the conclusion of the process?

Mr Sutton—As I said, advice is currently with the minister, and the outcome is subject to that timing.

Mr Wilson—As Mr Sutton indicated earlier, it will be an ongoing process, however. The changes that we have recommended that the minister consider do not go to the complete picture and we will be undertaking further consultations with industry and the unions on further changes that we may recommend.

Senator O'BRIEN—In November the department was yet to meet with Pan Shipping to talk about its proposed coastal shipping service between Melbourne and Fremantle. Did that meeting take place?

Mr Sutton—Yes. We met with Pan in mid-January.

Senator O'BRIEN—Have you been able to provide any assistance?

Mr Sutton—Yes. At that meeting, we discussed with them their requirements under the guidelines and factors they needed to be aware of in planning their services so as to minimise any potential complications in terms of the ministerial guidelines. One specific outcome of that meeting is that we have reintroduced a condition into continuing voyage permits for container ships so that, if and when Pan commences its service, anybody holding a CVP would be required to check with Pan before they accept domestic cargo on that vessel.

Senator O'BRIEN—What does 'check with Pan' mean? Check with Pan that they will let them or check with Pan to see if—

Mr Sutton—The key issue for Pan under part 6 of the Navigation Act is that, if there is a licensed vessel available and which is adequate for the service, we would not issue a permit for any container ship. Currently there are no licensed vessels actually operating on the coast, so there was not a requirement to have in the permit a condition that the permit holders check with a licensed vessel. With the prospective entry of Pan into the market, we have reintroduced that condition into continuing voyage permits that are issued after 20 January.

Senator O'BRIEN—On 22 December last year *Lloyd's List Daily Commercial News* reported that the 'company'—that is, Pan—'would start with a Melbourne-Fremantle service and hoped to be operating two vessels by late February or early March out of Sydney, Melbourne and Fremantle'. Is Pan now operating licensed vessels on the coast?

Mr Sutton—No, that timing was consistent with the discussions that we had with Pan in mid-January. As we understand it, and it is reflected in a couple of recent *Lloyd's List DCN* articles, Pan have had some difficulties chartering the vessels they need to commence the service. From our perspective, when they get those vessels, they will need to have them licensed. They will need to apply to us and meet the necessary conditions, but that is a very straightforward process. Then it is a case of commencing the services.

Mr Wilson—The latest *DCN* articles indicate that Pan's schedule now is to commence operations in April.

Senator O'BRIEN—Does the department have any concerns that the viability of this service could be undermined by the issuing of single and/or continuing voyage permits to foreign ships that have excess capacity to dump on the Australian coastline?

Mr Sutton—If the sort of service which Pan has been talking about—it has been in *Lloyd's List DCN*—of offering a weekly turnaround, the size of the vessels, as we understand it, again reflected in the *DCN* articles, is such that it would be sufficient to carry all the domestic cargo east-west. If that turns out to be the case—and, as I say, it is subject to Pan's commercial negotiations—that would meet the conditions under the Navigation Act and in effect would prevent us from issuing any further CVPs or SVPs for containers on that route. I should add

that that is subject to the details: there are obviously still some significant commercial uncertainties which Pan is facing.

Senator O'BRIEN—So, if Pan have a Monday service every week, someone coming along and saying 'I want to ship cargo on Wednesday' would not give them enough difference to justify an SVP.

Mr Sutton—If they offered a weekly service, it is in the current ministerial guidelines that there is a current window of availability of three days either side of the sailing date. So, if they offered a weekly service, in effect they cover the field, so there are no gaps.

Senator O'BRIEN—Has the department had any discussions with Sea Corporation about its desire to operate Australian manned bulk tankers around the Australian coastline?

Mr Sutton—No, the only reference we have seen is another *Lloyd's List Daily Commercial News* article on that subject. Sea Corporation have not been in touch with us directly.

Senator O'BRIEN—Have Mr Truss or this department received a copy of the report of the independent review of the Seacare scheme?

Mr Sutton—I would have to check on that. I will be able to get back to you fairly soon on that.

Senator O'BRIEN—What role has the department played in the review?

Mr Sutton—The review was conducted by a consultant commissioned by the Department of Employment and Workplace Relations. We had a meeting with the consultant as part of the review process. We have also been in discussions with the Department of Employment and Workplace Relations about issues arising from that review.

Senator O'BRIEN—So when do you think it will be finalised?

Mr Sutton—The review has been finalised and submitted to the minister, Mr Andrews. My understanding is that the minister is still considering that review. But, again, I can check on that.

Senator O'BRIEN—On 22 December, senators Vanstone and Ellison announced the introduction of a new maritime crew visa. What role did this department play in the development of this proposed visa regime?

Mr Sutton—As you would appreciate, the lead agency for the visa proposal was the former Department of Immigration and Multicultural and Indigenous Affairs. Our department was a member of an IDC that was formed to look at issues associated with the possible introduction of a visa. On that IDC the DOTARS representation came from my area and from the Office of Transport Security.

Senator O'BRIEN—Did the department consult with key stakeholders, including the Maritime Union of Australia and Shipping Australia, before the new visa was announced?

Mr Sutton—We certainly had contact with Shipping Australia on relevant issues. I do not think we contacted the MUA.

Senator O'BRIEN—Why not?

Mr Sutton—The process was led by the department of immigration. That question as to whether they consulted with the MUA may be better directed at DIMA.

Senator O'BRIEN—This visa is not due to be introduced until July next year, as I understand it.

Mr Sutton—That is correct.

Senator O'BRIEN—Can you explain the essential differences between the current system and the proposed regime? In particular, can you explain how the background checking will be more thorough?

Mr Wilson—That is probably a question better asked of the Department of Immigration and Multicultural Affairs. I can provide you with some differences between what the current situation is and now but, with regard to the detail of checking, that would be better dealt with by Immigration. I can tell you that they will be two-year, multipurpose visas. Applicants will be able to apply electronically rather than face-to-face, and third parties will be able to apply for them. But to go much further than that it would be better to get the details from the department of immigration.

Senator O'BRIEN—How would you respond to the reaction of Shipping Australia, which says an international or regional seafarer identity agreement would be preferable to the proposed visa regime?

Mr Wilson—I do not think I am well placed to give you a comment here.

Mr Tongue—I can handle that one. I think where Shipping Australia is going concerns one of the notions that floated around the global maritime community that, if we could come up with some sort of multilateral agreement around seafarer identity, we as a global community could then issue the seafarers with an identity document that would facilitate their movement. There are some practical difficulties with just getting agreement in the international community and then coming up with an acceptable form of document. That will take a lot of time. The government has made a judgment that we will go down the visa route. Because we have gone down the visa route it does not mean that at some future time we could not, if some form of seafarer identity was acceptable, assure ourselves that it was robust and pick up that style of agreement.

Senator O'BRIEN—Can you provide advice on the outcome of the Australian Transport Council's considerations with respect to emergency towage?

Mr Sutton—The ATC accepted the introduction of a national maritime emergency response arrangement, and that agreement is now being implemented. There are two essential sides to that agreement. The first is the provision of long-term emergency towage capability around the Australian coastline. That is being implemented by the Australian Maritime Safety Authority. At the moment, they are in the process of issuing tenders and considering tenders associated with the roll-out of that capability. Mr Davidson would certainly be able to answer any detailed questions you have about that, when you get to AMSA in the program.

Senator O'BRIEN—If I want to ask particular questions about the tender outcome for the Great Barrier Reef emergency towage vessel, AMSA is the body to ask?

Mr Sutton—Definitely. AMSA ran that process. The second part of the emergency response arrangements relates to enhancing the current regulatory framework that governs emergency towage. Currently, legislation is being developed that will amend the Protection of the Sea (Powers of Intervention) Act that will ensure that there is an appropriate regulatory regime in place for the conduct of emergency towage in the future. We are hopeful that that legislation will be introduced in the autumn sittings of parliament.

Senator O'BRIEN—Did you say it has already been drafted?

Mr Sutton—It is being drafted. One other feature of the system is an intergovernmental agreement flowing from the ATC decision, which identifies the roles and responsibilities of the Australian government, including AMSA, and each of the states and territories in relation to the emergency response arrangements.

Senator O'BRIEN—According to the International Maritime Bureau, Indonesian waters have been subject to more acts of piracy over the past 10 years than any other part of the world. Last year it accounted for nearly 30 per cent of worldwide incidents of piracy and armed robbery against ships. What requests has the Australian government received from Indonesia and other nations in our region to help them combat piracy?

Mr Wilson—I believe Mr Tongue is probably best placed to talk to you about that. If you would like to raise that when we get to the Office of Transport Security, that would probably be the most appropriate time.

Senator O'BRIEN—I do not have any more questions for Maritime and Land Transport.

[3.37 pm]

Australian Transport Safety Bureau

Senator O'BRIEN—ATSB's budget, as shown in the department's annual report, records the price of your output as \$17.5 million in 2004-05. Is that actually your internal budget?

Mr Bills—Our internal budget for this year is \$16.5 million in round terms. That includes a couple of hundreds of thousands of dollars of revenue. It is obviously a much higher budget if you include corporate overheads, but I think you are interested in the budget that we actually see.

Senator O'BRIEN—So where will I find those figures on page 29 of the PAES, if at all?

Mr Bills—I will have to take you through the derivation of those. As you say, page 29 is the key page. If you look at the 2005-06 budget estimate and then at the revised estimate starting with output 1.1.1, 'Investigation', the \$19.102 million figure is basically the ATSB amount of \$13.176 million plus the corporate overhead of \$5.926 million. That totals the \$19.102 million. Then within output 1.1.2 the safety output includes areas other than the ATSB, in particular the vehicle standards branch area that Peter Robertson represents. The ATSB part of that is 3.104 and then there is a corporate overhead of 1.332, totalling 4.436. If you add the 13.176 and the 3.104, plus the couple of hundreds of thousands of dollars of revenue I mentioned, you have got your \$16½ million.

Senator O'BRIEN—And the corporate overheads are \$7.258 million?

Mr Bills—It is 5.9 plus 1.3 so it is about that—yes, 7.258 exactly.

Senator O'BRIEN—Does that include provision for superannuation?

Mr Bills—The corporate overhead is basically attributed to business areas based on full-time equivalent staffing. Our attribution is roughly 10 per cent in round figures. That covers things like the HR function, the financial function, the executive of the department and matters of that kind, and the cost of the buildings.

Senator O'BRIEN—Ten per cent? This is more like 40.

Mr Bills—That figure is about 10 per cent of the total corporate overhead. The CFO is keen to explain further.

Senator O'BRIEN—Good, I am glad he is here.

Mr Ash—We distribute the corporate overhead, which is the expenses of the corporate division, the executive and the corporate governance centres. That covers all the wages and salaries of the people employed in those areas. It covers things like the rent bill across all of the organisation. All our IT and telecommunications costs are distributed, broadly speaking, on a per capita basis to the various divisions of the department unless we can specifically identify costs that we can attribute directly to a division—for example, with a specific computer software, we may charge them directly. In the case of the department at the moment that underlies these numbers, as Mr Bills was saying, around or just over 10 per cent of that is attributed to the ATSB as they have around 10 per cent of the non-corporate staff of the organisation.

Senator O'BRIEN—How many staff do you have?

Mr Bills—It depends when the number is counted. Basically this financial year we are expecting 110 on average but, at the very end of the financial year, we are expecting slightly more than that because there are several non-ongoing staff. In our business plan for this year, 111.4 was the figure that was agreed by the executive.

Senator O'BRIEN—Can you explain how the bureau determines which events you can investigate and beyond that how you make a decision about the resources you allocate to each investigation?

Mr Bills—This is a pretty complex area but let me give you a start. There are obviously differences between rail, marine and aviation investigations because we have different responsibilities in those areas. For rail we investigate on the defined interstate rail network only and not off that at this stage, so the states have the primary role for intrastate rail investigation, for example. On the marine side, we basically investigate interstate and international shipping, so the states handle the small craft. For rail and marine, we do about 10 new investigations a year and we seek to prioritise those based on the seriousness of the event. So if, for example, there are fatalities or an oil spill, we will look at that. In the rail area we would obviously look at collisions, significant derailments and fatalities.

In the aviation area it is more complex because we have a role for the general aviation sector as well as for the large passenger aircraft sector—and, for that matter, the freight aircraft sector. Essentially, we observe the requirements of article 26 of the Chicago convention, which means we have to investigate any accidents involving international carriers in Australia. That is a given: we do any accident of that kind. Next on the list, we investigate

any fatal accident involving either passenger aircraft or general aviation aircraft but not sport aviation aircraft. That is basically because these are the priorities we have set, based on fare-paying passenger priority.

Senator O'BRIEN—So there is another loophole: they do not get regulated and they do not get investigated.

CHAIR—They are used as sport.

Senator O'BRIEN—Yes.

CHAIR—You cannot get insurance.

Senator O'BRIEN—I am not surprised: if you do not get regulated, you do not get investigated.

Mr Bills—This is within our budget. It is obviously a higher risk that those people take. So that is the next cab off the rank. The third tranche, after we have done those—from within about 100 a year—the rest of our resources we direct to—

Senator O'BRIEN—Could you go back to that statement about the risks people take? What did you say?

Mr Bills—I am saying there is generally a greater amount of risk taken voluntarily in sport aviation as compared to a passenger flying on commercial aircraft. In other words, someone flying in a gyrocopter or some other type of sport aviation aircraft—

Senator O'BRIEN—What about parachutists? They do expect to be able to jump out of the plane, however valid you think that exercise is. It is a part-way contract, as it were.

Mr Bills—Parachutists are an interesting category because it depends on when the event happens. If we are looking at a fatality involving a parachutist in which the parachute does not open and the reserve chute does not open, it is obviously quite different from an aircraft carrying parachutists—

Senator O'BRIEN—It is not the transport mode; it is the sport that is involved. But, as occurred in Brisbane, if the plane goes up, develops a fault, crashes into a dam and five people are killed, it is nothing to do with jumping out of a plane.

Mr Bills—We are investigating that occurrence. That is quite a different case.

Senator O'BRIEN—Is that sport aviation? I do not understand the difference.

Mr Bills—That is a crossover area because there were fare-paying parachutists who were intending to jump in tandem. Obviously, the scale of that event was such that we thought it was important to look at it—and we are.

Senator O'BRIEN—But generally you would not investigate—or perhaps you are making it clear that that is the sort of sport incident you would investigate?

Mr Bills—I am saying that we do not investigate all sport aviation fatal accidents but we do investigate all fatal general aviation accidents and passenger aviation accidents.

Senator O'BRIEN—But that aircraft was not monitored by CASA; it was monitored by the Australian Parachute Federation, I think.

Mr Bills—There was an agreement with the Australian Parachute Federation. That is correct. CASA had an agreement with them, and we are certainly looking at that agreement as part of our investigation.

CHAIR—What are aerobatic planes that just do aerobatics? Are they sport? I know they have a hell of a job getting insurance.

Mr Bills—They would normally be general aviation aircraft if they are VH registered, but it depends a bit on how they are being used. There are some grey areas.

CHAIR—So ultralights and that—

Mr Bills—Gliders. In general, we do not investigate the fatal gliding accidents that we have.

CHAIR—Have they toughened up on ultralights? Do you have to have any formal training to be able to fly an ultralight? Is there a licence?

Mr Bills—Julian, do you want to answer that?

CHAIR—Are you an ultralight pilot?

Mr Walsh—No, I am not. I would probably need to take the question on notice. There is not a formal CASA licence, but I think the ultralight federation has certain requirements for training. To give you a strictly correct answer, I would need to take the question on notice.

Senator O'BRIEN—Mr Bills, I diverted you from your answer.

Mr Bills—After the article 26 cases, they are the Chicago convention international ones, the non-sport fatalities—although we have agreed there are some sport fatalities in the grey area—and non-fatal accidents and incidents that do not involve international aircraft. There we try to assess the safety significance of the event in terms of what we can get out of it, through an investigation, to improve future safety. Sometimes you do not know, obviously, at the start of an investigation, and you have to use your best judgment—and that is a matter of judgment, of course.

Senator O'BRIEN—I take it that to some extent the scope of your investigatory activity is limited by your budget.

Mr Bills—That is correct, and that is true of similar organisations around the world. We have a budget and we work within it. If there were to be a major event towards the end of the financial year then we would obviously talk to the executive about some supplementary funding, but all throughout the year as we have new reports come in we basically matrix-manage the case load to try and give priority to the ones that have the greatest safety priority. So there is a fair bit of internal juggling within that 100 we do each year.

Senator O'BRIEN—I wanted to address your investigation of the Lockhart River air tragedy, in which 15 people lost their lives in May. Your interim report made some findings about the operator's failure to comply with its operations manual. How did you go about establishing the facts that underpinned your findings? For example, you found that it was not routine practice for a load sheet to be left at Bamaga. That is one of your findings. I am interested in the context. Just a few months earlier, CASA gave the operator a tick and renewed its air operating certificate.

Mr Bills—I might ask Mr Bill Fry to come to the table to assist me. Mr Fry is the investigator in charge of the Lockhart River accident, a former Ansett 737 training captain and a senior transport safety investigator with the ATSB. My short answer would be that we interviewed people to establish the load sheet situation for our interim factual report, but Mr Fry may wish to add to that.

Mr Fry—In regard to the load sheet that the investigation revealed was not left at Bamaga, it is a requirement under the regulations for aircraft to have a load sheet left at the port of departure. We determined that it was not left there by interviews with the agent at Bamaga and we found by speaking to other crew members that it was not normal practice for the load sheet to be left there.

Senator O'BRIEN—So you made two findings: firstly, that it was not on that particular flight—

Mr Fry—Correct.

Senator O'BRIEN—and, secondly, that it was not on many flights.

Mr Fry—I should correct myself there. It was not left behind.

Senator O'BRIEN—It was not left behind then, and it was not left behind previously.

Mr Fry—From discussions at the port we determined that it was taken with the crew and then the process was that they would forward it on to their base of operation later in the day, after the aircraft arrived back in Cairns. But the load sheet was not left behind, nor a copy of it.

Senator O'BRIEN—That is one of the issues that arises. Can you find out why CASA would not have been able to ascertain that if they had done a full audit on this company?

Mr Fry—That is a question you would perhaps have to ask CASA. We did our own investigation and found out it was not left there. There have been other instances where CASA have detected that a load sheet was not left and they brought that to the attention of the operator.

Senator O'BRIEN—I know it is the nature of your job to investigate tragic events involving the loss of life. Like Senator McLucas, I have been contacted by close relatives of those who lost their lives aboard this TransAir plane. Mr Shane Urquhart, the father of Sally Urquhart, who died in the Lockhart tragedy, made some public comments about the ATSB's interim report. Mr Urquhart told AAP that he feels let down because the bureau's interim report does not address questions like why the plane was flying so low, why it was descending so quickly and why it was attempting to land in poor weather. Could you tell us why you have been unable to answer those questions?

Mr Bills—I think the first point to make—apart from being sympathetic to the relatives, as we obviously are—is that this was an interim factual report that was released on 16 December and it does not contain analysis. That is the major reason it would not have had comment on those matters. Given the extent of the destruction of the aircraft, no witnesses and the CVR not providing useful data, whether we can ultimately find all of the factors involved is an issue that we will have to consider in the fullness of time.

Senator O'BRIEN—How have the department and CASA responded to your air safety recommendations related to the training of flight crew in the phased introduction of autopilot equipment?

Mr Bills—We have a memorandum of understanding with CASA—it is on our website; it is probably on theirs as well—which provides that they have 60 days to comment on our recommendations, unless they seek an extension. So they are obviously still within that time period. My understanding is that, regarding both crew being qualified for instrument approaches, there is no real issue with CASA. They were already working on it, which is great.

The autopilot recommendation was in two parts. One part involved new aircraft at some point in the future being fitted with an autopilot—which I think is probably less controversial. The former part, though, looked at fitting autopilots retrospectively on elements of the existing fleet. That is an area where CASA would normally consult with the industry quite extensively, develop their cost-benefit analysis and then move from there. That is what we would expect them to do.

Senator O'BRIEN—I see the Aircraft Owners and Pilots Association have supported your view.

Mr Bills—Yes. AOPA was supportive, which is encouraging. The Regional Airlines Association was a bit more mixed. There needs to be a proper process of considering that potential retrospective fitting. We are not saying that all those aircraft should be fitted with autopilots; we are saying that it is an issue that needs to be looked at.

Senator O'BRIEN—Going back to your answer that your interim report was indeed interim and that you had not fully considered the matter, is it likely that your understanding of the cause or causes of this tragedy will deepen as your investigation continues? You put some qualifications on the material that might be available in that regard.

Mr Bills—I am sure our understanding will deepen. Mr Fry might like to indicate, without getting into anything that is too sensitive, the areas that we are still working on that will assist in deepening our understanding.

Mr Fry—The areas that are now taking our time to investigate are workload issues. We are attempting to do a workload study on the crew of the aircraft to determine the sort of workload they would have experienced during the conduct of the approach. They were conducting an RNAV, GNSs type approach. We are looking at two crew procedures to determine their appropriateness for that sort of an operation. We are also looking at some airworthiness aspects. Because the aircraft was so extensively damaged, we were not able to do any continuity checks on the avionics in the aircraft, so we are chasing paperwork to determine whether the equipment was installed appropriately in the first instance. That has taken some time because the aircraft came from overseas, and that is where some of the installations took place. That work is now starting to come together. Other aspects that we are looking at are the management of the organisation, regulatory oversight of the operator and things of that nature.

CHAIR—Was the plane a thousand feet too low?

Mr Fry—It was a thousand feet below what you would consider to be the optimum height for the approach. There are recommended altitudes.

CHAIR—Could it have been that they did not adjust the altimeter? Did they fly through some variations in atmospheric pressure?

Mr Fry—Certainly they would have gone through variations in pressure, but we recovered the altimeters from the accident site and they were indicating the correct altitude. We have worked out that that system was working correctly.

Senator McLUCAS—Mr Fry, when you talk about the management of the organisation, what sorts of things do you look at?

Mr Fry—It is a fairly involved process looking at the availability of resources to appropriately manage an organisation of that type. We look at their training facilities and the type of training they provide to their crews. We look at aspects of supervision. You might not be aware of this, but the organisation that operated the aircraft had various bases with pilots. The main office was in Brisbane. They had remote bases in Cairns and also in New South Wales. Those sorts of manpower or resource issues are things that we look at as part of this investigation. Those are certainly being looked at to some extent and we are continuing the work in that area.

Mr Bills—For example, the interim factual report referred to the lack of human factors training of the pilot in command, so obviously that will be looked at as to whether it is a more general issue.

Senator McLUCAS—Do you look at the operations of the ground school, Mr Fry?

Mr Fry—Which ground school is that?

Senator McLUCAS—The ground school operated by TransAir. That is how they do their training, I understand, for the various planes that are operated.

Mr Fry—We look at training in general, wherever the pilots would have undertaken any of it. In the case of the type of approach they were doing, some of that training occurs away from the operator at organisations that provide that type of training, so we look at that. We look at all the training that the crew members received at the operator, whatever form that training would have taken.

Senator McLUCAS—You will also speak with previous pilots of the organisation?

Mr Fry—We have done that already.

Senator McLUCAS—Are they the pilots known as A, B, C and D?

Mr Fry—Yes. It is a little confusing when we list them like that.

Mr Bills—And if E, F and G want to come forward and have not already, we would invite them to.

Mr Fry—I have spoken to one of those pilots in particular. I have been involved in a conversation when the deputy director spoke to a pilot. I spoke to pilot A, he spoke to pilot B and I was involved in that conversation, with mixed success at getting information from them.

Other pilots have come forward and we have in fact conducted formal interviews with other pilots that are previous employees.

Senator McLUCAS—Do you also talk to other people in the aviation sector—for example, in Cairns—about the question of the management of the operation?

Mr Fry—I have spoken to some—I would presume not all—but certainly I have had conversations with people in both a formal and a less formal way.

Proceedings suspended from 4.03 pm to 4.16 pm

Mr Bills—Just before Senator McLucas resumes, Mr Walsh has an answer to the question we could not answer before the break.

CHAIR—Do you need a licence to fly an ultralight?

Mr Walsh—Yes, you certainly need a licence. It is just a matter of who administers that. It is administered by Recreational Aviation Australia, the RAA. They use a CASA approved syllabus and they administer the licensing of all ultralight pilots.

CHAIR—Have you always had to have a licence to fly an ultralight? I seem to recall many years ago it was a very precarious way of risking your life, but it is safer now, by the sound of it. They actually train them a little bit.

Mr Walsh—It is a CASA approved syllabus, and the program is overseen by CASA as well. A private pilots licence, for example, is not enough to fly an ultralight. You still do need a specific ultralight licence to fly an ultralight as well.

CHAIR—It is just that Senator Joyce wanted to take it up. I wanted to make sure he got off on the right step.

Senator JOYCE—I am not quite sure whether the Australian Transport Safety Bureau is the right spot for this question. If it is not, I will refer it to our next point, the Civil Aviation Safety Authority, and come back to that. As would be expected, being in the Senate, you get lobbied by a number of people, and the person who is very keen on lobbying us is Mr Dick Smith. Of course, some of the issues he brings up are to the uninitiated—and I pretend to be completely uninitiated in this—of concern, especially when people talk about impending plane crashes. He brought up the issue of Proserpine airport and the current mechanism of airspace control in that area. He was basically going through the aspects of it—there was a tower or some sort of observation area there but it has been pulled out to the middle of a paddock—is that correct? Can you explain that to me? What is going on there?

Mr Bills—This document is Mr Smith's publication from November last year, which he has put on his website and distributed fairly broadly. The issue of control towers and airspace regulation sits with Airservices Australia, but basically he has printed a picture of what used to be the control tower at Proserpine in this publication.

Senator JOYCE—What is it doing out there in the paddock?

Mr Bills—He says in his publication that it was moved from where it was after the tower was decommissioned.

Senator JOYCE—It is obviously not near the airstrip, so what is it doing there?

Mr Bills—As I say, this is an issue for Airservices Australia. I am really letting you know that this is Mr Smith's publication.

CHAIR—I presume someone bought it and transported it, did they?

Mr Bills—No. He says that it has been dragged through the bush, but I have absolutely no idea how it got there.

Senator JOYCE—Can you give me a commentary on that whole publication? Do you think it is valid? Is there anything valid in it?

Mr Bills—I can give you some commentary on part of that publication. In terms of the airspace side of it, you are really best placed to raise that with Airservices Australia and, to a lesser extent, with the Civil Aviation Safety Authority, who have an overarching responsibility for aviation safety. But in terms of the fatality data that is in this report and also on commentary on some of our investigations, then certainly we are able to talk to that as needed. But probably the most helpful thing for you would be a discussion paper that I released on 22 December called *Analysis of fatality trends involving civil aviation aircraft in Australian airspace between 1990 and 2005*. There is a one-page media release with it. While I did not set out to do battle with Mr Smith directly, I did feel it important to try to correct the record.

Senator JOYCE—So that is where you ended up?

Mr Bills—Not really. He has used ATSB statistics; our publication basically shows that he has not used them correctly or he has used the wrong statistics. His thesis that aviation safety is declining in a marked way—and he has used much more colourful language than that—is not borne out by the statistics. The quickest way into that is to have a look at the one-page media release I put out on 22 December on the ATSB website.

Senator JOYCE—I might get a copy of that.

Mr Bills—Certainly.

Senator JOYCE—I will come back for Airservices Australia.

Senator McLUCAS—Mr Fry, I would like to go back to the ground school that was operated either by or for the pilots of TransAir. Was the school for the Metroliner training operated by TransAir or was that provided by another provider?

Mr Fry—The organisation, TransAir, did provide a degree of training for the pilots of the Metro. The two pilots involved in the fatal accident that occurred at Lockhart River were both trained to fly the aeroplane at that organisation, so they completed their training there. I cannot make the same statement for other pilots employed by them, but those two certainly were.

Senator McLUCAS—So it was undertaken by those two pilots?

Mr Fry—Correct—at TransAir.

Senator McLUCAS—Do you then go and have a look at the quality of training that was provided?

Mr Fry—That is certainly part of the investigation.

Senator McLUCAS—And you will report on that in the final report?

Mr Fry—Yes.

Senator McLUCAS—Can I quickly run through a number of other issues that I have talked about previously with CASA. Mr Bills, I imagine that you would have seen an answer to a question on notice that I asked of CASA in December last year. That question raises the issue of Kowanyama where a plane went off the end of the runway. That incident was not reported to ATSB, I understand, in the right time frame. Is that correct?

Mr Bills—Yes, that is correct. In fact, our answers to your questions ATSB 02 and ATSB 03 refer to that incident as well.

Senator McLUCAS—In your answer, Mr Bills, you say that the chief pilot informed the ATSB that the operator had not notified the ATSB of the incident ‘as he did not believe the incident to be of a kind reportable’ to the ATSB. His belief was ‘based on a conversation he had with the officers of CASA’ regarding the incident. The relevant officers of CASA ‘have advised that they did not advise the operator’s chief pilot that the incident was not reportable’. Where is the truth in this? CASA said, ‘We didn’t say that.’ The operator said, ‘CASA told me it wasn’t reportable.’ Have you been able to find out what actually did occur?

Mr Bills—We have reproduced in that answer what we have been able to ascertain, which is that the operator had a misapprehension, a misunderstanding, and they did not think they needed to report it. That was wrong. They should have reported it. The operator believed that a conversation that was had with CASA officers had led to him being a little confused on this matter. The CASA officers say that whatever they had said did not go to that question at all. That is really as far as we can take it. There is obviously a misunderstanding. So, as we said in the written response, we have made sure that in the future both CASA and the operator know what is required.

Senator McLUCAS—In your view, should the operator have known that running off the end of a runway was a reportable incident?

Mr Bills—In this case it was a hydraulic problem. Regulation 2.4(1)(g) of the regulations governing investigations covers malfunction of an aircraft system if the malfunction does not seriously affect the operation of the aircraft. In this case, given that they were able to land it without flaps but with some braking, we believe that it was reportable under that area. Of course that is publicly available, like all of the legislation. The operator’s manual referred to the fact that they did need to report such things to us, although obviously it does not go through all the sections of the regulations.

Senator McLUCAS—So they have not complied with their manual?

Mr Bills—It was not complied with; that is correct. We have been told that the reason it was not complied with was a misunderstanding.

Senator McLUCAS—A misunderstanding of advice from CASA, not a misunderstanding of their manual?

Mr Bills—Not of the manual, no. It was a misunderstanding of the regulations. They believe that was partly as a result of a conversation with a CASA officer or officers, which CASA do not agree with.

Senator McLUCAS—Mr Bills, are you saying that the company's operating manual is incorrect?

Mr Bills—No. As I understand it, there is just a general statement in the operating manual that you need to report accidents and incidents to the ATSB in accordance with the legislation and regulations. That is correct. The issue with this one was: was that covered by the regulations? I think that is where the misunderstanding arose.

Senator McLUCAS—I understand from your answer to my question last time about the issue at Balurga Station that the ATSB contacted the property owner to ascertain what had happened and that he had said that the plane got bogged during taxiing. Who else did you talk to?

Mr Bills—That is the only source we spoke to. We were not aware of this event at all until you raised it last time.

Senator McLUCAS—Did you raise it with the operator of Aero-Tropics?

Mr Bills—Not to my knowledge, but I will take that on notice, because Mr Stray was the one who did the follow-up and he is not with us today. So I will take that on notice, if I may.

Senator McLUCAS—I am interested to know how you would be able to make the statement that it was not damaged if you had not spoken to some other person. Property owners are terrific people and they know a lot, but their technical assessment of damage to an aircraft might not be so good.

Mr Bills—I just do not have access to Mr Stray's notes, but I assume that the second sentence about the engineer being flown in to inspect the aircraft and as there was no damage it was flown back to Cairns is based on some further advice that I do not have in front of me.

Senator McLUCAS—We need to understand how you knew it was not damaged so that you could then make the comment that it was not a reportable matter.

Mr Bills—I understand the question. I just do not have the information here.

Senator McLUCAS—If you could follow that up for me, that would be good. The third issue was the Horn Island issue. It was the same company. You might be aware of a question on notice I asked to the minister. It was about an alleged incident at Horn Island Airport, where a plane had to circle on a number of occasions because the front wheel could not come down.

Mr Bills—It does not ring a bell.

Senator McLUCAS—There was a landing gear problem. It was a Piper Navaho on Horn Island.

Mr Bills—That does not ring a bell. I apologise that I have not got that in front of me. When did you ask the question of the minister?

Senator McLUCAS—I asked the question of the minister on 9 August last year. The answer is:

CASA has advised that in order to investigate this matter further they require additional information including the registration mark of the aircraft ...

Has ATSB investigated that incident?

Mr Bills—I do not believe CASA referred this answer to me, and it comforts me to know that that is why I did not know about it. I will have to take on notice as to whether it is in our occurrence database. When was the occurrence? You asked the question on 9 August.

Senator McLUCAS—It was in April 2002. It was an Aero-Tropics Piper Navaho WZN.

Mr Bills—As soon as we have a break we will try and find out that information and come back to you.

Senator O'BRIEN—Going back to the Lockhart crash, when do you expect to publish a final report?

Mr Bills—There is still quite a lot to do. We can say that we expect to publish it this calendar year, but that is as far as I would like to go at the moment. I do not think I should put Mr Fry on the spot. Once he is happy with his end of it—and there is still quite a lot of work to do, as he mentioned before the break—it will need to be peer reviewed and it will need to come up the chain through me. Then it will go out to parties who are directly involved—those people who have technical knowledge of the things in the report. They get a month to comment on it. Sometimes they seek extensions. We go through all the comments that come back and, if they are extensive, that may require further work. All of that has to happen before it is finalised for release. Mr Fry's bit in getting a final draft ready is not the end of the process by some months. Let us say it will be ready by the end of this calendar year.

Senator O'BRIEN—Perhaps Mr Fry or you, Mr Bills, can tell us how important the lack of training in human factor management was.

Mr Bills—I do not think we can answer that.

Senator O'BRIEN—What is that training? What is its relevance to pilot-copilot situations?

Mr Fry—I think the training you are referring to is known as crew resource management training. What has been identified in accidents over recent years has been the fact that pilots need skills other than technical skills to be able to perform their tasks. This is not just on aircraft that require more than one pilot, but it becomes more apparent when you mix two pilots together in a cockpit. It is about them being able to work effectively as a team. If they have developed their intercrew communication skill levels and their skills in the correct allocation of time and resources and things of that nature then you can get a better result. It can enhance the safety of the operation if the crew members undertake that training.

At the moment, having that training in place is not a legislative requirement, but all the major carriers certainly carry it out. Ansett did before they finished, Qantas certainly do, and many of the regional carriers do. It is earmarked to be legislated—it is in the pipeline—but many operators have chosen to be proactive in that area and implement those courses well before they are required. It is an internationally recognised enhancement of safety.

Senator O'BRIEN—Or at least have it in their manual.

Mr Fry—If the crew is engaged in training of that nature, it is something they have to actively participate in and it takes some time. A one-day course cannot get those skills

implemented into an organisation. It takes some time for that to become part of the culture of the organisation. You would not run a one-day course and expect everyone to be full bottle on it, for want of a better word. It is an issue that should be addressed over a period on an ongoing basis.

Senator O'BRIEN—Mr Bills, what are the bureau's road safety activities?

Mr Bills—We have a role in statistics, which includes gathering statistics on road safety fatalities and injuries from each of the jurisdictions. We publish a monthly statistical bulletin and also some annual publications. We also do statistical work based on the coronial database, which is lagged by a number of years but has much richer data when inquests are held. We have data on heavy trucks from insurance data and other sources, so there is statistical analysis on that. We also do our own research, both in-house and commissioned research. We have some grants that also produce research outputs. We are engaged with our ministers in terms of their Australian Transport Council role and, in particular, we assist in coordinating state and other stakeholder input to the National Road Safety Strategy and action plan. That is a coordination role and also a general briefing role for our ministers at ATC meetings. Mr Motha will tell me what I have missed.

Mr Motha—That is fine.

Mr Bills—Those are the key things.

Senator O'BRIEN—Given the horrific road toll the nation experienced over the recent new year period, on Australia Day the Minister for Local Government, Territories and Roads, Mr Lloyd, said he would be speaking to the bureau about how the government could increase its efforts to reduce the road toll. Has he done that?

Mr Bills—We liaise with Mr Lloyd's office on a very regular basis, particularly through Mr Motha. We have discussed with the minister, and the minister is aware that we are doing an analysis of the Christmas road toll involving the 78 people who died in the Christmas period just passed. The minister has had briefings from us on that, as well as on a number of other issues. We have a major briefing scheduled with him quite soon.

Senator O'BRIEN—When was the previous briefing?

Mr Bills—Maybe Mr Motha can explain, but there is a mixture of telephone calls and emails all the time. Last week when Mr Motha was away, the minister called Mr Goldsworthy, who was acting in Mr Motha's position, and sought some briefing on the telephone. That sort of thing happens all the time.

Senator O'BRIEN—What advice can you give us about the most effective way for the Commonwealth to contribute to the reduction in road deaths and trauma?

Mr Bills—Firstly, there is no simple answer. Every two-year action plan that is agreed by Australian Transport Council ministers is a cooperative effort involving the Commonwealth, the states and all the relevant industry bodies. I guess the big thing is to make sure that it is a cooperative effort. That is No. 1. No. 2, you have to look at the vehicles, the roads and the drivers and the riders. Those three key areas have to be worked on as well. So it involves cooperation and I guess a holistic solution. Having said that, it is terribly difficult and we are not alone in Australia in having difficulty reducing the road fatality rate. Mr Motha has

recently been trying to find some new ideas from overseas, and we are hoping that will lead to some fresh thinking. Those are the key points.

Senator O'BRIEN—I want to go back to the other aviation matter—in the recent report handed down after the Benalla crash you talked about an ambiguity in Airservices instructions to its operators. Can you explain what you meant by that?

Mr Bills—As I understand it, I cannot cite what the actual text of the ambiguity was. I can tell you that, in his media conference after we released our final report, the Airservices CEO agreed that there was an ambiguity and that it had been fixed. It related to the air traffic controllers reacting to RAM alerts, route advisory monitoring alerts, when aircraft are off course, as occurred in this accident. In this case, the air traffic controller involved did not alert the pilot to the fact that he was off course, because he assumed that he was deliberately off course. That was not the case, and I think the ambiguity related to the need to be much more proactive about getting that message to pilots if a RAM alert occurs.

Senator O'BRIEN—I think I understand what you mean.

[4.42 pm]

Office of Transport Security

CHAIR—Have you changed your mind about the issue where if you have blown up or hijacked a plane you can still apply for a security pass?

Mr Kilner—We provided that answer at the last Senate estimates hearing. The answer was that in the event that a person has been convicted of an offence such as you have just described then they will not get an MSIC or an ASIC.

CHAIR—Why did you change your mind?

Mr Kilner—We did a risk assessment of those particular offences. There was a list of offences that we had described as exclusionary and what we did was—

CHAIR—So they have made it to the exclusionary list. They were not on it originally.

Mr Kilner—They were on the exclusionary list; they were not on the disqualification list.

CHAIR—I meant 'disqualification', sorry. This is very bureaucratic speak. So they are now on the disqualification list?

Mr Kilner—They are on the disqualification list; that is, people with those particular convictions will not be issued with a—

CHAIR—Hang on! But could you apply?

Mr Kilner—You could apply.

CHAIR—That is crazy.

Mr Kilner—No, it is not or else we would—

CHAIR—If they are convicted of bombing or hijacking a plane, why would you let them apply?

Mr Kilner—Until they have applied and you have actually run their name through the database you will not know whether or not they have got a criminal conviction.

CHAIR—Yes, but why wouldn't you have them automatically on the disqualification list? They are not automatically on the disqualification list yet?

Mr Kilner—You need to match the conviction against the person's name.

CHAIR—I wish you well.

Senator O'BRIEN—As of the week commencing 6 February, two senior positions in the Office of Transport Security were filled in an acting capacity only—the director and the head of maritime security. In November we were told action would be taken to facilitate the filling of senior positions within weeks. What happened?

Mr Tongue—The executive director position that Mr Kilner is currently acting in was advertised consistent with the advice that we provided to you. We went through the interview process and identified a person whom we had offered the position to but who subsequently got an offer outside the Australian government, and we did not proceed to fill the position. It has been readvertised and we are interviewing tomorrow morning to fill the position. The second position is general manager responsible for maritime security, which Mr Parkinson is currently acting in. That is contingent on the result of the executive director position. We cannot move to fill it until such time as we know who is going into the executive director position, because Mr Kilner is acting in that position and he is the nominal occupant of the general manager, maritime security, job.

Senator O'BRIEN—I have some questions about the administration of single and continuing voyage permits. Is the minimum application period for a single voyage permit still one business day?

Mr Kilner—The ministerial guidelines provide for seven days as being the standard period required for an application for a single or continuing voyage permit. However, there are circumstances contained in the guidelines where an urgent application can be applied for. In those particular circumstances an assessment against public interest is made to determine whether or not the application should be approved.

Senator O'BRIEN—Have urgent applications been issued with less than one day's notice?

Mr Kilner—I am not aware of an application of less than one day's notice having been issued.

Senator O'BRIEN—What percentage of single voyage permits are subject to urgent applications?

Mr Kilner—I would have to take that one on notice. We do not have a break-up of urgent versus routine.

Senator O'BRIEN—What is the application fee for an ordinary single voyage permit?

Mr Kilner—It is \$200.

Senator O'BRIEN—Do you charge extra for an urgent application?

Mr Kilner—It is \$400, so yes.

Senator O'BRIEN—Is there any monitoring of repeat applications which are lodged on a so-called urgent basis?

Mr Kilner—We treat each application on its merits. It has to go through that public interest test that I have mentioned. I am not aware of a particular serial offender, if that is the point of the question.

Senator O'BRIEN—Someone using the system maybe—

Mr Kilner—No, I am not aware of a particular offender in that regard.

Senator O'BRIEN—Generally, when a permit application is made is any check done to see that the cargo matches that on the permit application?

Mr Kilner—Yes, there is.

Senator O'BRIEN—What percentage would you check?

Mr Kilner—Part of the normal routine is to go back after the voyage has taken place to have a look at whether there are any differences between what has been approved and what has actually been carried. I do not have any figures on me that would give you some sort of indication of variation. I can take that on notice if you wish.

Senator O'BRIEN—I would like to know what percentage of cargoes is checked. How do you determine which cargoes are checked and which are not?

Mr Kilner—We question every voyage permit.

Senator O'BRIEN—At the last hearing it was confirmed that there is no special process followed before issuing a permit for a foreign ship with a foreign crew to carry a high-consequence dangerous good. Is that still the case?

Mr Kilner—Yes, it is. Obviously, those ships carrying ammonium nitrate are subject to the same comprehensive risk assessment as all other ships. But, as was mentioned at the last Senate estimates hearings, there are a whole range of high consequence dangerous goods and we do not check against every particular one of those 3,000 high consequence dangerous goods. I believe we gave you a copy of the UN list of high consequence dangerous goods at the last estimates.

Senator O'BRIEN—Do you know what proportion of ships would carry high consequence dangerous goods—what proportion of voyages where there is a single or continuous voyage permit issued?

Mr Kilner—I do not. Obviously, with regard to international ships Customs are responsible for the assessment of cargo entering Australian ports. With regard to Australian ships, we do not monitor those ships that would have already had high consequence dangerous goods and have come in from an international port and are proceeding from one Australian port to the next Australian port and then leaving. We are only interested in the cargo that they would actually pick up and then want to carry from one port to the next.

Senator O'BRIEN—So I take it the assessment procedure for permits that relate to high consequence dangerous goods has not been subject to any review.

Mr Kilner—We have reviewed our processes with regard to the issuing of coasting trade permits and to the carriage of ammonium nitrate, but not with regard to the quite extensive list of high consequence dangerous goods.

Senator O'BRIEN—In November, the then Minister for Fisheries, Forestry and Conservation, Senator Ian Macdonald, backed a damming report into the flag of convenience system. Apparently the report entitled *Changing nature of high seas fishing: how flags of convenience provide cover for illegal, unreported and unregulated fishing* was sponsored by the government. Has anyone in the Office of Transport Security read this report?

Mr Kilner—I am not aware of that. I know that there are members of the department who have read the report.

Senator O'BRIEN—Have Senator Macdonald's concerns informed the way the department administers the single and continuous voyage permit system?

Mr Kilner—I understand that the comments were made with regard to fishing vessels, which are not regulated by the department. Therefore, I am not aware whether or not there has been any change to the ministerial guidelines arising from that report.

Senator O'BRIEN—But the Office of Transport Security has not done anything about it?

Mr Kilner—Mr Sutton has some additional briefing material on that.

Mr Sutton—On the issue of the report which you have mentioned, we consult with our colleagues in the Department of Agriculture, Forestry and Fisheries about issues relating to that report and about the work that they are undertaking on illegal, unregulated, unreported fishing.

Senator O'BRIEN—Can you explain to me why crew members aboard flag of convenience vessels responsible for the carriage of ammonium nitrate are not subject to the same controls as farmers who handle the stuff on dry land?

Mr Kilner—As I have explained at previous estimates hearings, ships bearing other flags are not regulated by the Australian government. We can therefore only apply our regulatory framework to Australian flagged vessels and to Australians with regard to the range of measures concerning the carriage of ammonium nitrate—hence the farmers have been covered under the COAG agreement for ammonium nitrate. We have covered the issue of maritime security identity cards for Australian seafarers and for foreign seafarers working on Australian flagged vessels, as well of course as for those maritime industry workers at regulated ports. The responsibility for seafarers on foreign flagged ships rests with the flag administrations of those particular countries.

Senator O'BRIEN—So the 200,000 foreign seamen that go through our ports each year are not in effect regulated by us?

Mr Tongue—That is part of the rationale for the changes to the visa regime that the department of immigration is bringing in that you were discussing earlier. The rationale is in part to ensure that we have covered off any vulnerable areas. As far as we are able under our national law, we have covered off the vulnerability associated with those seafarers.

Senator O'BRIEN—Under this current system, how does the department know that the names supplied on crew lists actually reveal the true identities of the crew members?

Mr Tongue—They are required under the customs regulations to provide the names of all the people via the crew list 72 hours in advance. Those are then checked against the

movement alert list systems and other systems that Customs undertake, and then Customs undertake an inspection process for first port boarding where they look at the documentation associated with the foreign seafarers.

Senator O'BRIEN—So someone on a ship who has a false passport only gets vetted when they land in port by Customs looking at their passport?

Mr Kilner—They would be checked against the names on the alert lists contained—

Senator O'BRIEN—If your name is on the alert list, you are more likely to have a false passport, aren't you?

Mr Tongue—Those alert lists are not just made up to include individuals that various agencies may have concerns about but also built up through lost or stolen passport names that have been picked up. So there is a degree of control over the stolen passport that might have a new photo on it.

Mr Kilner—Immigration also have a range of people who are experts in the detection of fraudulent passports. They have been deployed also to Australia's ports to undertake activity associated with that.

Senator O'BRIEN—So it is Customs and Immigration every time a ship lands?

Mr Kilner—That is right.

Senator O'BRIEN—And the crew need to present their passports to come ashore, or just when the ship berths in port?

Mr Kilner—My understanding is that they do that when the Customs officials and Immigration officials, where appropriate, board the vessel and undertake the face-to-passport checks. I cannot say whether or not those passports are then used to enable the individual seafarer to come ashore. In some cases, my understanding is that they are held by the master.

Senator O'BRIEN—And some crews are not allowed to come ashore because there is a condition imposed because of a risk of flight from the ship.

Mr Kilner—That may well be the case.

Senator O'BRIEN—It is the case. I visited a Tongan crewed vessel in Melbourne that was in that situation. I want to follow up an answer given to this committee with respect to the government's response to a KPMG audit of the coastal permit regime. I am sure you will recall that this audit found that the department had been issuing permits based on unsigned application forms, among other travesties. The Office of Transport Security has told us that the recommendations have been addressed through changes in procedure for processing permits and licences and in records management practices. Can you tell us what actual changes have been made in the way applications are processed and records kept?

Mr Kilner—The report made five recommendations. Two were in one category and three were of a lesser category. They have been addressing changes to the procedures for processing permits and licences. We have changed the records management practices as part of the broader rewrite of the regulations. There are further changes, which Mr Sutton referred to earlier today, to the ministerial guidelines. One other change that is currently being processed is a change to the IT system that underpins the receipt of applications from applicants, ship

agents, seeking to obtain a permit. We are now developing a new IT system that will enable online applications to be received, and that will address further issues concerning the compliance and the record keeping associated with coastal trading permits.

Senator O'BRIEN—The maritime security identification card regime was supposed to start last October. Am I correct in understanding that not a single MSIC has been issued?

Mr Kilner—Only a handful of MSICs have been issued at this time. There have been delays caused in the issue of MSICs as the issuing bodies, particularly in the Port of Melbourne, have had some IT problems, so they cannot accept applications. We worked with agencies of the Victorian government, with the Port of Melbourne and with the major maritime industry participants to streamline the processes associated with obtaining applications for MSICs. My understanding is that, as of next Monday, we will have the first of 2,000 applications coming through the system.

Senator O'BRIEN—As of Monday there will be 2,000?

Mr Kilner—Monday, the 20th. The major issue with the delays has been getting the IT systems up from the two issuing bodies within the Port of Melbourne. That is 1-Stop and the Port of Melbourne Corporation. Our understanding is that applications are being processed as of today, but we are expecting the vast bulk of those applications to start coming through the system next week.

Senator O'BRIEN—How many applications have to be processed? Are we talking about many more than 2,000?

Mr Kilner—We think throughout the year there will be 130,000. Within the Port of Melbourne, we are expecting about 2,000 applications to be processed directly in regard to the maritime industry participants, and they will commence from next week.

Senator O'BRIEN—The delay has been in getting the software ready?

Mr Kilner—That is right. Our processing arrangements in Melbourne have been in place since the end of November, but the real issue has been trying to get the software corrected within those two issuing bodies. Our understanding is that they will be ready next week. We are already starting manual processing so that we can test the system and move along with the processing of those applications through the background checking arrangements with the government.

Senator O'BRIEN—Is the working group still meeting?

Mr Kilner—We have delayed the working group meeting, which was scheduled for the end of this month, simply because we do not have enough data for the working group to be able to look at streamlining processes and other issues associated with the processing of applications. Once we have sufficient applications through the system to test the system, then we will bring the working group together to look at the results and at further improvements to the way we issue MSICs.

Senator O'BRIEN—What has the development implementation of the MSIC regime cost so far?

Mr Kilner—I do not have the figures with me. Overall for this financial year we are expecting the cost to be about \$2.1 million. That will obviously depend on the speed at which we get applications through the system. To date there has been capital investment in the IT system that we have developed so that we can process them through government and, of course, we have staff on board now in Melbourne as well as the people we have in Canberra.

Senator O'BRIEN—Do you know how much it has cost the industry to date?

Mr Kilner—No, I do not. I know that we have 13 plans approved for issuing bodies. I know that of those 13 issuing bodies three have invested in IT and other systems associated with processing applications. For example, the Port of Brisbane is now on-stream and applications have been and are being received from there. But with regard to the other issuing bodies none of them has yet processed an application; therefore, we are not aware of the level of costs that they have incurred to date.

Senator O'BRIEN—So the consultation process has not revealed that to you?

Mr Kilner—I think we got some indicative costs around their plans, but investment may not occur until they actually get a contract from an industry participant to be the issuing body for their cards. At this stage we are looking at about \$150 a card as being the cost associated with the issue of a maritime security identification card. About \$50 of that goes to the cost of background checking by the government and the other costs are associated with the recoupment of the administration, depreciation of equipment and people employed by the issuing bodies.

Senator O'BRIEN—I draw your attention to the answer to question on notice OTSO4, which related to the provision of the names of approved issuing bodies. Why has the Office of Transport Security failed to provide the committee with the names of approved issuing bodies?

Mr Kilner—I will have to check that. They are all on the website, so it is not as though we are trying to avoid revealing that information. There are 13 names on the website; I will check the question on notice.

Senator O'BRIEN—I am not exactly sure when we received the answer, but as at 2 December they were not on the website.

Mr Kilner—They are now.

Senator O'BRIEN—There are a lot of websites to check when we get a heap of answers shortly before estimates—it is hard to do everything.

Mr Kilner—I have a list of the issuing bodies if you would like me to read out the names.

Senator O'BRIEN—That would be great.

Mr Kilner—We have it in our papers. I will find it. If we go on with the questions, I will come back to that.

Senator O'BRIEN—Thirteen issuing bodies have been approved?

Mr Kilner—Yes. Another five are currently under consideration.

Senator O'BRIEN—So the names and business addresses are on the DOTARS website?

Mr Kilner—That is right.

Senator O'BRIEN—Has it been decided who will be the decision maker for MSICs when the roll-out period is concluded?

Mr Kilner—The government made an announcement, I think, on 20 December that a background-checking division will be established within the Attorney-General's portfolio. My understanding is that an implementation team has been formed and it will come onstream on 1 July 2007. That background-checking division within the Attorney-General's portfolio will be responsible for making decisions with regard to whether or not a person gets an MSIC or an ASIC from that time.

Senator O'BRIEN—Just to clarify that—I am not entirely clear and perhaps I did not quite hear your answer properly—who will be the decision maker? Has it not yet been decided?

Mr Kilner—No. The decision maker will be the background-checking division. If the background checking indicates that—

Senator O'BRIEN—You said that will be A-Gs?

Mr Kilner—Yes. If they indicate that the person should not be issued with an MSIC, then they will advise the applicant accordingly—as well as the issuing body—that they will not be issued with an MSIC. Where there is no reason for that person not to be issued with an MSIC—that is, there is a green light—then the issuing body and the applicant will be advised accordingly. If there is no reason why the person should not be issued with an MSIC or an ASIC, it is then up to the employer to make the hiring decision.

Senator O'BRIEN—That will be the same for both MSICs and ASICs?

Mr Kilner—That is right.

Senator O'BRIEN—An immediate review of ASICs was announced by the former Minister for Transport and Regional Services, Mr Anderson, on 7 June last year. In November we were told that the review had commenced with some scoping work. Has the review finished yet?

Mr Kilner—I will get Ms Dickman to answer that question.

Ms Dickman—The review is well and truly under way. About 90,000 ASIC holders were reviewed against the grandfathering criteria, which were removed on 7 June. The necessary big amendments have been made to give effect to that. Following the recommendations and the government decisions around the report by Sir John Wheeler, a further decision was taken to again strengthen the ASIC criteria or the disqualifying criteria, which now takes into account a pattern of criminality. That pattern of criminality test comes into effect on 6 March this year, so the review will continue to take in that new criteria and provide advice on about 120,000 ASIC holders.

Senator O'BRIEN—Do you have any idea how many ASICs are likely to be withdrawn?

Ms Dickman—At this stage we do not. From the preliminary analysis we estimate that, out of the 120,000 holders, about 7,000 individuals will return some form of criminal record, and that will then be assessed against this new strengthening criteria.

Senator O'BRIEN—What does a 'pattern of criminality' mean?

Ms Dickman—I can read you the new regulation, if you would like.

Senator O'BRIEN—If that will tell me what it means, that would be good.

Ms Dickman—Essentially, where an individual has a pattern of low-level crime but has not been sentenced to a custodial sentence, that person will come under closer monitoring. Currently, an ASIC is issued for two years if a person meets the criteria. If a person is found to have this pattern of criminality—which is referred to in the new regulation coming into effect on 6 March—then they will be more closely monitored, so they would be issued with an ASIC for only 12 months.

Mr Kilner—I have found the list of MSIC issuing bodies.

Senator O'BRIEN—Could you read them out?

Mr Kilner—They are: Port of Melbourne Corporation, 1-STOP Connections Pty Ltd, Office of Transport Security, Fastcards Pty Ltd, P&O Ports Ltd, Port of Brisbane Corporation, Patrick Stevedores Operations Pty Ltd, Total Marine Services, Sydney Ports Corporation, BR Security Group Ltd, Australian Livestock Shipping and Transport Co., Veritas Engineering Pty Ltd and Australian Customs Service.

Senator O'BRIEN—Thank you for that. So truck drivers can go to any of those, for example, if they needed an MSIC?

Mr Kilner—I would think most of the truck drivers would actually end up going through 1-STOP, given that Patrick and P&O are utilising 1-STOP as their issuing body. Given that those two larger stevedores are going to tie their vehicle management system into that process, then I would expect that most truck drivers would go through 1-STOP.

Senator STERLE—What is 1-STOP?

Mr Kilner—1-STOP is the joint venture company responsible for the vehicle booking system that the stevedores use to get the trucks into the stevedoring operations to pick up containers.

Senator O'BRIEN—When the Customs system is working.

Senator STERLE—So I would be right in assuming that it is a trucking association in each state.

Mr Kilner—I do not expect it to be a trucking association. I would expect each of the transport operators to make a decision about whom they are going to use for their particular trucks and truck drivers. I would expect that in most instances it would probably end up being 1-STOP, but the market forces will prevail at the end of the day.

Senator STERLE—In Western Australia it is the trucking association, the transport forum, that provides the 1-STOP booking system. That is why I asked.

Senator O'BRIEN—What measures have been introduced of those recommended by the Wheeler review? What measures are a work in progress?

Mr Windeyer—There is a range of measures under way, not all of which fall within the responsibility of this particular portfolio, but I can take you through some of the more

significant points that this portfolio is responsible for. In relation to the sharing of information, there is work under way with the Attorney-General's Department in response to that particular series of recommendations. The OTS is involved at the moment in working through developing criteria for determining what is loosely termed as CTFR airports. That is work under way; consultation is occurring. Similarly, the refashioning of airport security committees at CTFR airports is likely to have legislative or regulatory changes, so consultation is under way and will be caught up in the broader review of legislation and regulation. There are moves to make some minor amendments to the Aviation Transport Security Act and there is work under way for a possible amendment bill in the autumn sittings.

Consultation has occurred in relation to seeking industry input into regulatory changes. Industry have provided their views on where they think the regulations might need to be amended. That is now being looked at by OTS with a view to taking forward and reviewing some of the regulatory settings. There is other work under way in relation to the various funding initiatives coming out of Wheeler, some of which are not handled by this portfolio. If you would like, I am sure we could take you through the various funding programs that relate to this portfolio, in which case there might be other people at the table who will be able to provide further information. The one that I can give you an update on is the question of putting in place an aviation security training framework. The first stages of that process and consultation with the industry on the various competencies and types of work undertaken by the industry are occurring at the moment with a view to developing a training framework in due course.

Senator O'BRIEN—Perhaps we will deal with that in another process. Has Avalon been designated a counter-terrorism first response airport?

Mr Tongue—No, it has not. As Mr Windeyer said, we are working through a policy development process that will ultimately be put to the government for decision, and certainly Avalon is one of the airports that we are looking at.

Senator O'BRIEN—I did not hear the last part.

Mr Tongue—Sorry, Avalon is one of the airports that we are looking at in that policy development process.

Senator O'BRIEN—Which other airports are being looked at in that context?

Mr Tongue—In addition to the 11, if you think about what we might consider to expand the process, passenger volume is part of it, as is proximity to critical infrastructure. There is a range of factors. That takes you to—off the top of my head—an airport like Maroochydore, for example, which might be one that we would have a look at. But what we want to do first is establish a robust set of criteria that we can filter through before we make those decisions. There is a bit of scuttlebutt going around the aviation industry about where we might go, but those decisions still have to be taken by the government at the policy level before we go to the next step.

Senator O'BRIEN—I suppose low-cost carriers go to airports that have not traditionally had lots of regular services. Is that the issue that you have got to consider?

Mr Tongue—It is one of the issues.

Senator O'BRIEN—Is the detail about the membership and function of the Aviation Security Advisory Forum on the website?

Mr Crombie—The specific membership is not on the website, but I can run you through it if you would like to know the membership.

Senator O'BRIEN—Yes, thanks.

Mr Crombie—ASAF, as we refer to it, currently comprises the 11 major airports: Adelaide, Alice Springs, Brisbane, Cairns, Canberra, Darwin, Gold Coast—or Coolangatta—Hobart, Melbourne, Perth and Sydney. There are representatives of Qantas and Virgin Blue as well as Rex, so there are the three airlines represented. The freight operators are represented by Australian Air Express and Toll. The industry representatives include the board of Airline Representatives Australia, who principally represent the international airlines. There is the Regional Aviation Association of Australia, and Airservices Australia is also represented. The government agencies who are currently members of ASAF include DOTARS, which chairs it, the Australian Federal Police, Customs, the Australian Quarantine and Inspection Service, Attorney-General's, the Department of Immigration and Multicultural Affairs and the Australian Crime Commission.

Senator O'BRIEN—Can you describe the function of ASAF.

Mr Crombie—Principally, the role is to provide a single point for high-level consultation on a range of security matters in the aviation sector. It is also to oversee the work of a series of subcommittees. In essence, it provides the single point which ICAO, the international body, requires us to have. That is the National Aviation Security Committee. Given the range of interests now at airports and in airlines, this is seen as the best forum by which we can actually have that single point of consultation.

Senator O'BRIEN—How much of the \$35 million in regional airport security funding has been allocated?

Ms Dickman—To date, grants have been announced at 71 airports totalling about \$17.7 million.

Senator O'BRIEN—Just 71 airports?

Ms Dickman—Yes, 71 airports.

Senator O'BRIEN—Can we have the details of those announcements? Is there a document somewhere that you can supply to us?

Ms Dickman—We could provide you with the list of the airports that have had their grants announced. I could read out for you the amounts that they have been provided.

Senator O'BRIEN—It is a long list with 71.

Ms Dickman—Yes, it is with 71, so we can table that for you if that would be easiest.

Senator O'BRIEN—That would be great, thanks. Can someone outline the details of the government's commitment to X-ray screening of international checked baggage, because in

November we were told X-ray screening would be in place by the end of 2005. So how are we going?

Mr Crombie—The 31 December 2005 deadline has been met for all international checked bag screenings.

Senator O'BRIEN—Is Sydney airport now X-raying 100 per cent of international checked baggage?

Mr Crombie—My understanding is that it is.

Senator O'BRIEN—Do you know when that began?

Mr Crombie—My understanding is that they have been complying since 1 January. My understanding is that they have been doing that now for some time.

Senator O'BRIEN—There have been some complaints recently about delays for incoming overseas visitors leading to annoyed passengers and poor first impressions of Australia. Is it these security measures that the delays could be attributed to?

Mr Crombie—Is that arriving or departing?

Senator O'BRIEN—These are arriving. I would have thought that checked baggage is about departure, isn't it?

Mr Crombie—Yes, it is.

Senator O'BRIEN—Have aviation security regulations been amended to make the leaving of unattended baggage at airports an offence?

Mr Windeyer—As of this date, that is something on which regulations have not formally been made by Executive Council. However, the department has been working with a number of agencies, particularly the Attorney-General's Department, the Director of Public Prosecutions and the Australian Federal Police to arrive at a regulatory solution or response to this particular issue. That work not surprisingly indicated that there are a number of different ways of tackling it. We have done some work and developed some advice for government on how best to deal with it. But, at this stage, Executive Council has not made any regulations. We expect them very shortly.

Senator O'BRIEN—The measure was announced by the Prime Minister five months ago and you still have not got an instrument ready to go to Executive Council—is that what you are saying?

Mr Tongue—An instrument is close.

Senator O'BRIEN—So you do not have it?

Mr Tongue—We do not have it yet. There are number of practical difficulties in how we express legally such a—

Senator O'BRIEN—When did you find this out?

Mr Tongue—We have been working assiduously with various agencies. If you think about who is going to apply it on the ground, it is basically going to have to be the police.

Senator O'BRIEN—When did the Prime Minister find out? He told us five months ago that this was going to happen.

Mr Tongue—Yes, and we are trying to make it happen but in a way that would not involve you, if you put your bag down to check in, in theory having an unattended bag if an adviser came up and handed you a piece of paper and you walked away from it. We are trying to find a way that captures the Prime Minister's intent but does it in a sensible way so that we do not end up with half of Australia's air travellers being pinged.

Senator O'BRIEN—Was the Office of Transport Security consulted before the Prime Minister made his announcement?

Mr Tongue—I was not around at that time, but I imagine that we were.

Senator O'BRIEN—Can you check that and let us know?

Mr Tongue—Yes, certainly.

Senator O'BRIEN—I take it that there is no question of the government having second thoughts about this measure?

Mr Tongue—Not that I am aware of. It is our responsibility to make it work properly.

Senator O'BRIEN—At this stage your comment that a regulatory instrument is imminent might mean a week, a month or longer.

Mr Tongue—I am not in control of all the steps of the process, but it is close.

Senator O'BRIEN—Senator McLucas asked some questions on notice during the last estimates round concerning compliance with the Aviation Transport Security Act by Far North Queensland operators. The department provided an answer that across Queensland the compliance rate with respect to antitheft devices is 84 per cent. You have made inspections in Far North Queensland. What is the compliance rate for that part of the state?

Ms Dickman—Since the response was made to that question on notice towards the end of last year, there have been two additional airports inspected for GA antitheft requirements. The compliance rate is up around 88 per cent now. We have done about 1,800 inspections nationally, and the national average sits at around 80 per cent for the fitment of antitheft devices. So we are seeing a steady increase in compliance.

Senator O'BRIEN—What you are saying is that in Far North Queensland the compliance rate is higher than the national average?

Ms Dickman—At this point in time, yes.

Senator O'BRIEN—Of those places you have inspected?

Ms Dickman—Yes.

Senator O'BRIEN—According to the International Maritime Bureau—I asked this earlier and was referred to you, so I have figured out what I am going to ask—Indonesia's waters have been subject to more acts of piracy each year over the past decade than any other part of the world, and last year it accounted for nearly 30 per cent of the worldwide incidence of piracy and armed robbery against ships. What requests has the Australian government received from Indonesia and other nations in our region to help them combat piracy?

Mr Kilner—We are taking part in an overall multilateral approach to addressing piracy in the Malacca Straits and regional cooperation with regard to piracy and acts of armed robbery. We attended the September 2005 meeting in Jakarta called by the International Maritime Organisation. This resulted in a consensus amongst the three littoral states as well as the user states, of which we are one, to work together to develop capacity-building assistance necessary to address this issue. You may be aware that Malaysia issued a press release on 13 February—today, in fact—announcing that it intends to step up antipiracy patrols in the Straits of Malacca, adding up to 15 new high-speed police boats and conducting joint maritime exercises with Indonesia, Thailand and Singapore. There is a range of other joint activities under way, some of which were announced by the three littoral states in September—one of which, for example, was the Eyes in the Sky initiative, which involved patrolling over the Malacca Straits.

In addition to that, Australia and Singapore have cosponsored a series of port security workshops for APEC member economies. We have also contributed trainers to IMO training courses in a number of South-East Asian countries, including Indonesia and the Philippines. There is a range of activity under way. There have been three ASEAN regional forum meetings, the latest of which was in Tokyo in December, to look at the initiatives that are under way to further improve the preventive security arrangements within the Malacca Straits. Overall, 2005 did see a reduction in the number of acts of piracy occurring in the straits, from 38 in 2004 to 12 in 2005. So overall progress is being made, but further work is being done both amongst the user nations and amongst the littoral states to further address this particular issue.

Senator O'BRIEN—That is just in the Malacca Straits, not around Indonesia generally. The figures went down for Indonesia generally from 94 to 79.

Mr Kilner—That is right. That is other piracy or armed robbery attacks that occurred within Indonesian waters. I do not have the figures comparing the rest of the Indonesian waters. Yes, they did drop to 79 from 94 the year earlier.

Senator O'BRIEN—Since 1999 it has been particularly high compared to all other parts of the world. There were 115 in 1999, 119 in 2000, 91 in 2001, 103 in 2002, 121 in 2003, then 94 and then 79.

Mr Tongue—It is a thorny problem. It is a country with 17,000 islands. It abuts the Philippines, which has 11,000 islands. So trying to get an angle on how we work regionally to address the problem is proving difficult.

Senator O'BRIEN—Have we had any specific requests for assistance?

Mr Tongue—In January, there was a meeting of G8 transport ministers, to which the littoral states and Australia were invited. It was held in Tokyo, and Minister Truss had a number of bilateral discussions there. One of the areas we discussed with the Indonesian communications minister was to do with whether Australia might provide some more assistance at the port level.

Picking up on successful work we have done in the Philippines, where we started with the major ports handling international traffic and then we went to domestic ports, the idea there is that if we start to improve port-level security and put in place the sort of infrastructure that

you need in the civilian sector to support the management, tracking and domain awareness functions of shipping then you start to be able to provide a better information base about traffic. We tend to focus on very large vessels, but a lot of this piracy actually happens on the third- or fourth-tier- down vessels. So part of the policy problem is working out where they are moving, how frequently they are moving and getting a handle on all of that. That is about civilian administration of the maritime environment. We have certainly had some preliminary discussions and we are going to have to develop that a little bit more.

Senator O'BRIEN—We have had a yachtsman arrested in Indonesia for carrying a firearm, allegedly because of the piracy problem. How common is it for these third- and fourth-tier vessels to carry arms on board because of the problem?

Mr Tongue—I would be speculating on that. I am not aware of any data, but I am happy to go looking to see if anybody has made any estimates. I am not aware of any, though.

Senator O'BRIEN—So that is the extent of the specific requests that we have had?

Mr Tongue—Yes, at this stage.

Senator O'BRIEN—I do not have any further questions for the Office of Transport Security.

[5.38 p.m.]

Inspector of Transport Security

Senator O'BRIEN—Thank you for coming, Mr Palmer. Following up on some previous evidence you have given, is it still the case that you have no own motion capacity—that is, that you can act only at the minister's direction?

Mr Palmer—Yes, that is the case.

Senator O'BRIEN—You had done seven days work in the current financial year when we last met. Can you give us an update on that? How many more have you done?

Mr Palmer—I have worked approximately 22 days this financial year.

Senator O'BRIEN—What sort of work have you been engaged in?

Mr Palmer—A combination of work: I have attended an aviation and airport conference in Hobart and a South Pacific aviation summit in Sydney; I have had quarterly meetings with the Secretary of the Department of Transport and Regional Services; I have had a meeting with the minister; and I have done work in Queensland. That was related to another issue, but the Australian Transport Council ministers met in November last year and agreed to task me, in consultation with the Transport Security Working Group, on behalf of SCOT and themselves to carry out an assessment of surface transport security arrangements. As part of that process I have met with people in Queensland at their invitation—I met with the minister in Brisbane as well as with heads of the Queensland Department of Transport and heads of rail, bus and ferry transportation in Brisbane. That is the nature of the work that we have been involved in since we last met.

Senator O'BRIEN—How would the minister's direction have you do these things? Has he asked you to attend these various conferences?

Mr Palmer—Not by direct reference, but as a result of the meeting of the ATC—and Mr Tongue may be in a position to give more detail on this—we were tasked by the minister through the secretary to commence those negotiations. Obviously, it can only continue to be conducted with the full cooperation of the states, which so far has been forthcoming. Mr Tongue might be in a position to provide further detail.

Senator O'BRIEN—So the ministerial directions come via the secretary of the department?

Mr Palmer—It can be either. Clearly, the directions that were referred to in the first instance were in response to specifically targeted operations and I think probably focused on reactive targeting, but proactive analysis is more likely to be initiated through the secretary, in my experience.

Senator O'BRIEN—When we last met, in late October, you were awaiting legislation that you said would provide for the full operation of the ITS.

Mr Palmer—Yes. As I understand it, the status is the same as it was at that time. It still has T status and still aims for passage in the autumn sittings, but I am not involved in that directly.

Senator O'BRIEN—Have you seen a draft?

Mr Palmer—Not a further draft since I spoke to you, no.

Mr Tongue—That is an area that is now part of my responsibilities as the deputy secretary responsible for transport security. We are working on the legislation at the moment with a view to getting it in as soon as we can.

Senator O'BRIEN—Have drafting instructions been issued?

Mr Tongue—Yes.

Senator O'BRIEN—When were they issued?

Mr Tongue—I would have to take that on notice to get an exact date.

Senator O'BRIEN—Was it recently or before Christmas?

Mr Tongue—Before Christmas.

Senator O'BRIEN—Mr Palmer, have you had discussions with some of the states or just Queensland?

Mr Palmer—I have only actually conducted a surface transport visit to Queensland. I met with the working group on 8 February this year in Canberra. That was a meeting of the working group aimed at settling terms of reference for the complete task that was assigned to me by the ministers. There was complete cooperation at that meeting and, as I understand it, Mr Tongue chaired the meeting. I met with each member of the working group, who at that stage were in the process of organising invitations for our visits. As recently as today, Mr Pearsall has had discussions on my behalf with Western Australia, who have invited us to attend in Western Australia in late February and early March. We will move ahead to formalise that. We are in the throes of making arrangements to visit both Melbourne and Sydney.

Senator O'BRIEN—Apart from the states, what other stakeholders will you be consulting or are you waiting instructions on that?

Mr Palmer—By way of indication, as I mentioned, in Brisbane we met with the minister, the head of the department and key members in charge of security within the department. I met with TransLink, the government agency that oversees and manages south-east Queensland surface transport. I met with the operators of Queensland buses—BT is their name—operated by Brisbane City Council, which runs some 750 buses. I also met with the private operators of a smaller bus service and Queensland rail executives, and I visited the ferry terminals and operations.

Senator O'BRIEN—Have you played any role in the department's review of the single and continuing voyage permit regime?

Mr Palmer—No.

Senator O'BRIEN—Have you played any role in the review of ASICs?

Mr Palmer—No.

Senator O'BRIEN—Have you played any role in the roll-out of MSICs?

Mr Palmer—No.

Senator O'BRIEN—I think there was an adjustment to your contract to account for your absence during the Rau inquiry.

Mr Palmer—Yes, it was extended. My present contract ceases at the close of business on 23 May.

Senator O'BRIEN—When did it originally end?

Mr Palmer—I think I was appointed in November, so it would have otherwise ceased in November of last year. It was 11 November, Remembrance Day. That is right. How could I forget!

Senator O'BRIEN—We requested a copy of that contract. One of the reasons I am asking you about it is that, while you told us that you did not object, the department has failed to provide us with the contract. Why is that?

Mr Palmer—I have no idea.

Mr Pearsall—I responded only recently to your office in answering the question.

Senator O'BRIEN—How recently?

Mr Pearsall—It was just before Christmas. Mr Mrdak took that on notice and, at some point in time, it was considered that it had been answered at Senate. It was later reviewed, and I was instructed to give a written answer as to the status of the contract, which Mr Tongue signed off on just before Christmas.

Mr Palmer—I must say that I did not appreciate that an actual copy of the contract was being sought.

Mr Tongue—Can I clarify that you would like an actual copy of the contract. Is that correct?

Senator O'BRIEN—That is what we asked for.

Mr Palmer—I do not have any objections. From memory, and even from reviewing the *Hansard*, I gave most of the relevant details of the contract in my answer.

Senator O'BRIEN—Mr Palmer, you are not Canberra based, are you?

Mr Palmer—Not any longer. I was initially Canberra based, but I now live on the North Coast of New South Wales.

Senator O'BRIEN—Earlier today I raised a matter with the secretary of the department about temporary residence. Does this inhibit your capacity to respond to events requiring your attention?

Mr Palmer—I do not think so at all. I suppose we are in the early days of actual operations in the regional sense, but almost all of the activity is going to take place on the eastern seaboard or in the regions. I live within 10 minutes of Coolangatta airport, which is now my permanent residence. I was able to surface transport travel to Brisbane. I can travel to Sydney and Melbourne as quickly and easily from Coolangatta as I could from here. So I do not see that there is any material difference. I am in daily contact with the office, despite the fact that I am only tasked for specific days, talking to Mr Pearsall electronically or by phone, and most of the preparation work and the reading work I can do from wherever I am. It does not need to be a Canberra based activity.

Senator O'BRIEN—Do you have to travel to Canberra very often? You meet with the minister. You have a monthly meeting with the secretary.

Mr Palmer—I do have to travel to Canberra several times a year, and that is travel I would certainly have not needed to do previously.

Senator O'BRIEN—And your staff members are based in Canberra?

Mr Palmer—The staff members are based in Canberra. It is an office of only two people at present.

Senator O'BRIEN—What part of the budget is set aside for travel to Canberra?

Mr Palmer—I do not know that we have a part of the budget set aside for travel to Canberra, but obviously we keep a record of the travel budget. I think we have expended some \$33,000 or thereabouts on travel in this financial year to date. Mr Pearsall might have a comment.

Mr Pearsall—I just have a travel budget. By way of example, since he moved, Mr Palmer has travelled to Canberra four times this financial year, as opposed to I think a total of seven trips interstate, which put him closer to where the reviews were taking place.

Senator O'BRIEN—He has not had to fly to Queensland, I'll give you that—not Brisbane, anyway. How far north are you prepared to drive, Mr Palmer?

Mr Pearsall—To Brisbane.

Mr Palmer—Brisbane sees it out. It takes only 1¼ hours for me to drive to Brisbane, so it would be silly for me to go any other way.

Senator Ian Campbell—It is a very nice trip on the national highway up there—

Senator O'BRIEN—It depends on how busy the traffic is.

Senator Ian Campbell—especially when we fix the Tugun Bypass.

Mr Palmer—Absolutely. The Tugun Bypass has assumed a different importance for me. It is a great highway for most of the journey. I must admit I did stagger to a standstill at about Shailer Park, heading into Brisbane.

Senator Ian Campbell—If we could just teach those Queenslanders to keep left unless overtaking.

Mr Palmer—Yes, that would help.

Senator Ian Campbell—They seem to spread themselves across four lanes and go exactly the same speed.

Senator HOGG—It is absurd.

Senator Ian Campbell—It is absurd. I agree.

Senator HOGG—It is absurd that you are making these outrageous comments.

Mr Palmer—It is a great highway.

Senator O'BRIEN—Mr Palmer, your office returned more than \$300,000 in transport security funding to the department last financial year.

Mr Palmer—Yes, that is so.

Senator O'BRIEN—I want to find out what happened to that money—where it was spent and whether it was explained in the budget papers anywhere.

Mr Tongue—The inspector's office has a budget, but it is in the nature of the inspector's work from year to year that in some years the budget may be drawn more heavily upon than in other years. The money is appropriated into general departmental funds and we keep a record of expenditure. Should, for example, the inspector be required to well exceed their budget, that is one of the things the secretary has to take into account in his financial management of the department. Against a departmental budget of some tens of millions of dollars, the \$400,000 or so allocated to the inspector's task is relatively modest, and we manage that. Money returned is accounted for by Mr Ash and provision is made to monitor the inspector's expenditure.

Senator O'BRIEN—Perhaps we can get an idea of how much the office has cost so far this financial year. Mr Pearsall, you would probably know.

Mr Palmer—Total expenditure so far this year has been \$226,974. The net cost to the office has been only \$210,193 as we had a final reimbursement payment of \$16,780 from the Rau inquiry—a late reimbursement from DIMIA. To answer the question accurately, we have expended \$226,900, or \$227,000, of the budget. We have \$175,000 left, which if, as anticipated, the task continues this year I imagine we would fully expend or very close to fully expend.

Senator O'BRIEN—Can we get a breakdown of costs associated with your work, travel, accommodation and per diem rate?

Mr Palmer—Yes. Would you like that now?

Senator O'BRIEN—If you can. It would save putting it on notice and waiting three months for an answer.

Mr Palmer—We spent a total of \$160,360 on wages for all staff. We have spent a total of \$33,831 to date on travel, including flights, accommodation and all the things associated with travel. We have spent \$10,366 on training and conferences. We have spent \$22,400 on overall office operating costs. You are seeking the details of my payments?

Senator O'BRIEN—Yes.

Mr Palmer—Including my retainer, I have been paid a total of \$63,902.50 up to 8 February this year. Mr Ellis, the single member of the expert panel at this time, has been paid a total of \$31,200 since his engagement. That is not just this financial year.

Senator O'BRIEN—There would be an overlap?

Mr Palmer—Yes. I think I might have indicated last time that he had earned some \$20,000 last financial year. If I said that, and from memory I did, it was inaccurate. He had earned that until about October, but his total payments to date having worked about 25 part days is at a total cost to us of \$31,200.

Senator O'BRIEN—Did you say the wages are for two or three staff?

Mr Palmer—There are two permanent staff, plus me and Mr Ellis.

Senator O'BRIEN—Thank you very much for that.

Mr Mrdak—Can I just add to an earlier answer that we gave in the Maritime and Land Transport Division. Senator O'Brien asked a question earlier in the day in relation to the review of Seacare Authority. Mr Sutton gave an answer and was not sure whether we had received a copy of the final report. Just to advise the committee, the department did receive a copy of the final report and it is now being considered by the Minister for Employment and Workplace Relations.

[5.57 pm]

Aviation and Airports

Senator MILNE—I want to ask some questions about the proposed development of a retail complex at Hobart Airport. I would like to know, first of all, if you can you tell me what has been decided to date about that development. What can you tell me about the stage that it is up to?

Mr Williams—I understand that Hobart Airport are working on the development of what is called a major development plan under the Airports Act 1996. That is in relation to a proposal where the building construction is greater than \$10 million. I believe that the major development plan, which is worked up by the Hobart Airport company, either is in the process of being drafted or has been released for public comment. I would have to take that on notice. Nothing has been lodged with the minister for approval at this stage.

Senator MILNE—Can you indicate—maybe the minister is better placed to answer—whether or not the Tasmanian government requested the federal government to relinquish planning control with regard to this major development at Hobart Airport so that it be

assessed under the state planning procedures? Can you indicate what the Commonwealth's response to the Tasmanian government was, if that is the case?

Mr Mrdak—I do not believe we are aware of any request to our portfolio by the Tasmanian government for the Commonwealth to step aside from its current planning regime. Under the Airports Act, that is a federal piece of legislation applied to a piece of Commonwealth land, which is the site. Certainly, I am aware that some jurisdictions have raised concerns with the application of the Airports Act in relation to non-aviation commercial developments taking place and how they are assessed. That was an issue raised by a number of jurisdictions at the meeting of the Australian Transport Council in November last year in Hobart.

My understanding also is that there was a discussion of this matter at the COAG meeting on Friday and that the COAG communique, which was issued on Friday by heads of governments, has asked the Australian Transport Council of ministers to further consider the issue of the application of planning regimes on Commonwealth land. I am certainly not aware of any specific requests. I will check with my officers, but we are not aware of any specific requests by the Tasmanian government in relation to this development at Hobart Airport. As you are aware, as Commonwealth places, the Airports Act planning regime, which our department administers, does apply to any such development, and to this point the Commonwealth government has been firm that that situation will be retained in relation to all development of such airports.

Senator MILNE—To follow up what you just said about the COAG communique, I was unaware that this matter was addressed in that communique. Can you clarify whether there was a formal request from the ministers at that transport meeting on Friday to seek state jurisdiction over those non-aviation types of developments? Is that what you were saying?

Senator Ian Campbell—That was not the meeting on Friday; that was the COAG meeting. The transport ministers meeting was back in November. It is fair to say that this is an issue that has been going on for some time. I have some responsibilities with these airport developments because they mostly need environmental approval and I have had previous experience in this portfolio. I was in the portfolio for a while. Certainly, it is something that has occurred under this government and various state governments. I am not aware of a particular one from the Tasmanian government, but I would not be at all surprised. It is certainly a concern that was raised when the Keating government first looked at the sale of airports. It was an issue that was raised prior to our getting elected. It is a constant concern. Politicians prefer to have power, and here is an area where the states do not have power and they would like it back from the Commonwealth. The Commonwealth, for natural reasons, where it has these tracts of land, likes to keep control of its land.

Senator MILNE—Regardless of what is in the communique from last Friday, since this major development plan is being drawn up right now, is it fair to say that it will be outside whatever decisions are made with respect to this communique because the process is already under way or is this development proposal now subject to whatever comes out of the communique?

Mr Mrdak—I was not in the COAG meeting on Friday, so I am working off what was in the COAG communique. The wording was that this matter be considered by the Australian Transport Council of ministers. It stated:

COAG noted concerns raised by States and Territories regarding implications of some development on Commonwealth property (not including Defence) and agreed to refer the issue to the Australian Transport Council to examine.

I am not privy to what discussion took place in COAG on Friday in the lead-up to that agreed communique; but, as I outlined earlier, the Australian Transport Council of ministers discussed it in some detail in November where a number of jurisdictions raised concerns principally in relation to how off-airport infrastructure interrelated with on-airport commercial development. At that meeting of the Australian Transport Council, the Australian government reaffirmed the continuation of the Airports Act as the applicable planning regime for development on airport.

Senator MILNE—With respect to the current planning regime for this major development, does the act provide for an environmental impact assessment, things like transport flows and all manner, as you just mentioned, of related infrastructure and how it fits with the state infrastructure?

Mr Mrdak—That is right. The Airports Act contains essentially a planning regime which involves, as Mr Williams indicated, the development of a major development plan—by the proponent—which is required to set out the key elements of the proposal: how it interacts with state and local planning laws, how it will interact with a whole range of off-airport and on-airport infrastructure. It then goes through a public consultation process prior to being submitted to the Australian government, to my portfolio. That will also trigger interaction with Minister Campbell's portfolio in relation to any necessary environmental assessment as applies under Commonwealth environmental legislation. So there is a whole series of processes which essentially mirror in many ways state planning processes. At the end of the day the decision authority under the act is the Minister for Transport and Regional Services, subject to advice he receives from the Minister for the Environment and Heritage in relation to any environmental issues and how they should be handled.

Senator MILNE—Apart from public consultation, is there any capacity to appeal a decision on a major development plan?

Mr Williams—My understanding is that the matter could be appealed in the Administrative Appeals Tribunal.

Senator MILNE—Does part of the assessment of a major development plan of this kind take into account the socioeconomic implications for other retailers in the particular city, for example?

Mr Mrdak—Those are the sorts of issues that we would expect to be detailed in the major development plan and also those are the sorts of issues that we expect to be brought forward in the public consultation process. The minister has to have regard to those submissions in reaching his decision and in any conditions that he chooses to set on the development should he decide to allow it to proceed.

Senator MILNE—You indicated before you were not sure whether the development plan that was being drawn up was on the verge of being released publicly or where it was up to. Would you be able to get back to me on where it is exactly up to?

Mr Williams—Yes, we will see if we can do that this evening.

Senator JOHNSTON—Mr Williams, you received a letter from the City of Belmont, which has Perth airport in its boundaries, on 11 January. Have you responded to that? This is so I am up to speed as to where we are at.

Mr Williams—Yes, I responded to that letter on 31 January.

Senator JOHNSTON—That is good. The thing that I want to ask you about is whether you are aware of the Productivity Commission's Commonwealth Competitive Neutrality Complaints Office findings of November 2001 with respect to this issue of on-airport business and subleases.

Mr Williams—I am not aware of the specifics of that report.

Senator JOHNSTON—It said that competitive neutrality did not apply to the lease agreements at Sydney and Camden, and I take it that the lease agreement is the same at Perth airport for Westralia. I will briefly quote it to you, because I think the *Hansard* will help you into the future. It says the ex-gratia payments:

... cannot, therefore, be considered taxes that SACL and CAL—

Sydney and Camden airports—

are required to pay to maintain tax neutrality with ... the private sector.

... ..

Accordingly, the CCNCO has concluded that the concerns raised by the complaint regarding ex gratia payments are not matters for the competitive neutrality complaint mechanism to resolve. Rather, they are matters of lease compliance and it is more appropriate they be handled by DOTRS as the leasing agency and the DOFA shareholder unit holding the Government's equity in SACL and CAL.

That applies, if I may be so bold as to say to you, to the Westralia situation in Perth where they have recently declined to pay just under \$1 million in rates to the City of Belmont. I take it that you are aware of clause 24(2) of the lease agreement. This is an old chestnut. This is the standard clause that I believe was in the Sydney agreement, the Camden agreement and most of the Torrens agreement:

Where rates are not leviable or payable under subclause 24(1) because the airport site is owned by the Commonwealth, the lessee must promptly pay to the relevant government authority—

I pause to say that is a defined term which includes a local government authority—

such amount as may be notified to the lessee by such governmental authority as being equivalent to the amount which would be payable for rates as if such rates were leviable or payable in respect of those parts of the airport site.

It goes on to specify other material which enhances the general thrust of the words that I have just given you.

The situation in Belmont is that the airport corporation says that it was not intended that the lessee pay the rateable amount. I have letters here which support that and which I am happy to

send to you. I am sure they were enclosed in the letter of 11 January, because there has been ongoing correspondence. In this instance they have used the valuer-general's figures and they have also had the figures from the lessee to assist them in the schedule—there are 155 surveyed lots on this site which, with the assistance of the lessee, they have levied rates upon, bearing in mind that rates are not a fee for service. I cannot understand why the lessee would haggle about the terms of the clause that I have just given you. This applies across about seven or eight airports right around Australia. What is DOTARS doing about this? You have put a clause that is crystal clear in the lease, and yet the lessees want to prevaricate and rip off \$1 million from a local authority. What are we doing about this?

Mr Williams—As you would be aware, I think the clause also says at the end that the lessee must 'use all reasonable endeavours to enter into an agreement with the relevant government authority, body or person to make such payments.' In terms of what we are doing about it and in terms of the letter that I referred to which I recently sent to both the airport and the Belmont City Council, the Australian government expects the Westralia Airports Corporation and the city to negotiate an outcome on the *ex gratia* rate payments that is acceptable to both parties, consistent with the obligations under the lease. In that letter I urge both parties to agree on some resolution mechanisms not only to decide the current outstanding issues but also which could be used as a basis in future years.

As you are probably also aware, we have provided advice to a number of the airport lessee companies and councils over the years in which we have stated:

The clause under the airport lease reflects current Commonwealth policy that an *ex gratia* rate payment in lieu of council rates should be payable on all areas in which trading or financial activities take place. The Commonwealth expects the airport lessee company to enter into arrangements with the relevant council for the payment of such rates. It is generally anticipated that in making these payments the airport lessee company could expect the councils to provide services normally funded from the rates on a similar basis to those provided to off-airport rate payers. Where it can be shown that the services normally funded through the rates are not provided at the airport lessee company we would expect that a reasonable approach by councils would be to make an appropriate adjustment to rate assessments.

However, we do not see a direct relationship between the amount of rates due and the services provided and resile strongly from the notion that the airport lessee company should only be obliged to pay local councils for the cost of services actually provided by them. Notwithstanding this, we believe there is scope in coming to an arrangement with councils for them to effectively discount some portion of the rates to take account of the fact that some services may not be utilised by the airport. Under the terms of the airport lease we expect that the airport lessee company and relevant councils examine these matters in good faith in order to establish a mutually acceptable outcome.

Our understanding is that across Australia there are 22 federally leased airports at which such arrangements have been entered into with local councils.

Senator JOHNSTON—I am talking about the Perth airport. How long has Westralia been the sublessee of the Perth airport? It must be getting on to five or more years.

Mr Mrdak—Since 1997.

Senator JOHNSTON—On 30 December they sent an agreement. I do not think that is 'best endeavours'. Someone is playing possum here, and the Commonwealth and DOTARS are sitting on their hands and allowing this to lurch on. The City of Belmont has to provide

roads and flood mitigation from this runway complex and apron. You cannot quantify services.

The city and the ratepayers surrounding this airport have to service the ingress and the egress of people in and out of this airport—the busiest airport in Western Australia. That clause is crystal clear. We have emerging here a little tax haven. Small business in the city of Belmont pays its rates, pays its way and looks over the fence into Perth airport and sees people not doing that. That is not fair and it is not good public policy. I would have thought, on the basis of what I have seen in this lease agreement that has been around for donkeys years, as we now know—nine years—it is crystal clear that we need to be a little firmer than your letter suggests.

You are having a bob each way, but you say rates are not about what services you get for rates. Everybody knows that. Heaven knows, if the Commonwealth had to live up to the services it provided for the taxes and charges it imposes, it would be a very interesting argument. We do not do that and you are quite right in pointing that out. I think we need to be a bit firmer here. Small to medium enterprises are getting absolutely caned by an aggressive commercial entity—good luck to them—which is encouraging people to come onto airport land, in competition with people in the light industrial area of Belmont City Council at a reduced rate, which have a competitive advantage. That is just not on, with great respect to you. You need to enforce that clause because they are clearly in breach and have been for far too long.

Mr Williams—My advice is that, until this very recent dispute, Perth airport has paid all rates that have been levied on it.

Senator O'BRIEN—Exactly.

Senator JOHNSTON—They paid on Friday a figure well less than what was levied.

Senator O'BRIEN—But before that, though, they were paying the full amount levied.

Senator JOHNSTON—And had to be dragged kicking and screaming. This agreement has come out in the last dying days because they knew that I was coming here today, and the local member has been stirring the pot. That is what it is all about. The lessor needs to take some responsibility here. You cannot have a level playing field where people on one side of the fence are not paying rates and other people are.

Mr Mrdak—I do not think we are disagreeing with you.

Senator JOHNSTON—I think you need to be firmer. I will be back here next estimates to see how firm you have been.

Mr Mrdak—As I say, I do not think we are disagreeing with you. As Mr Williams has indicated, the Perth airport has paid all rates as advised by the council to this point. As we understand it, the airport is querying the amount being tasked at this point by the Belmont council on the basis of seeking a commercial negotiation. As Mr Williams has indicated, a large number of other airports around the country have entered into negotiations with councils and arranged a mutually agreeable outcome which reflects the services provided. As for the examples you have cited, if services are being provided with respect to the airport then they are legitimate, and the airport and council reached agreement on what the quantum is and how

that should be reflected. We have here two parties still having that discussion, as far as we see it. I do not think the department has resiled from its management of the lease in this situation. We are seeing a playing out of a negotiation between two parties, but the department has been clear—as Mr Williams has indicated in his evidence—about its position. To this point we have not seen that break down completely. We still have a process under way. We will continue to work with the parties to ensure that we do get an outcome which reflects the lease.

Senator JOHNSTON—It is just a matter of enforcing the terms that you put in there, because the term is right. When the lease was drafted way back when, the terms and conditions were correct. You cannot have an unlevel playing field. You simply need to enforce it.

Mr Mrdak—We understand their position.

Senator O'BRIEN—I think the irony that Senator Johnston would no doubt find is that Mr David Crawford is the chairperson of Westralia Airports Corporation and he is the acting chairperson of the National Competition Council.

Senator JOHNSTON—I did not know that. It is ironic.

Senator O'BRIEN—If this is about competitive neutrality then I am not sure what Mr Crawford's position is, being chairman of one body and the acting chairperson of another, seemingly in absolute conflict with the principle of competitive neutrality.

Mr Williams—I think it is about competitive neutrality. The position of the airport at the moment is that, even though there is not a direct relationship between services, there are no services provided by Belmont City Council to the airport such as road maintenance, rubbish removal—a whole raft of services. That is why they are trying to enter into an appropriate agreement on the level of the rates.

Senator JOHNSTON—But there are intangibles provided. They provide a huge number of services in order to facilitate the existence of the airport.

Senator O'BRIEN—Can I raise the issue with you, Mr Williams, that where councils have separately levied amounts for rubbish collection or the like then that probably is not a rate. It may be a service levy. I would understand the government taking the approach that you have advised that they take to those additionally levied amounts, but apparently the case in relation to the Westralian airports is that there is no such separation of amounts; there is no separately levied charge for services such as rubbish collection, sewage processing or any other matters. How does one resolve a negotiation, given that there is an absolute obligation to pay that some provision you refer to—and I do not have it in front of me—says there should be a negotiation? How does one resolve the negotiation and at the same time guarantee compliance with the contract? What does compliance mean if you do not pay the rates that ultimately the council says that you should pay?

Mr Mrdak—As Mr Williams has indicated, with a number of airports the councils and the airport owners have reached a conclusion on the mix of services being provided which may be leviable as a service fee or may be leviable in the rates. They have reached an accommodation of what that is. I think in this situation they have not reached that point as yet—certainly this has come to a head this year. What is the way forward? I think—

Senator O'BRIEN—Can I suggest that having made a rate demand and having it paid for nine years is as good a negotiation as you will get in most civil arrangements that you have contracted to pay the rates.

Mr Williams—I think the issue at this point in time is that the airport, under the terms of the lease, is querying what the equivalent amount is that would be payable if such rates were leviable off the airport. That is the matter in dispute at the moment.

Senator Ian Campbell—I might just say that it is not an unusual thing for a large ratepayer to enter into discussions on these sorts of issues. It is not at all unusual commercially.

Senator O'BRIEN—I suppose it is not unusual for negotiations on a range of things to occur. The point I just made is that for nine years the council has levied rates on a certain basis and, as I understand it, for the 10th year it attempted to do the same thing and at that point the operator said, 'Our position is that we don't consider we need to pay that amount.' I am not sure what the position is with the previous—

Senator Ian Campbell—Things have changed as well.

Senator O'BRIEN—Why have they changed?

Senator Ian Campbell—The Perth airport land is being developed. There are a lot more properties there. There are a lot more, as Senator Johnston calls them, surveyed lots there. There is a lot more activity there than there was five years ago, so the amounts and the issues around the discussions, I would imagine, are a lot more complicated than they were three, four or five years ago.

Senator MILNE—I want to ask some questions about the airports on the north-west coast of Tasmania. As you know, there are two airports, one in Burnie and one in Devonport. Once again, rumours abound that it is intended to close Devonport Airport, so I wanted to ask you straight out: is it the Commonwealth's intention to close the Devonport Airport?

Mr Mrdak—The Commonwealth has no ownership or regulatory control over Devonport Airport. The only interest we would have in the airport is the transfer deed at the time. The aerodrome local ownership plan ceased in the early 1990s, when the Commonwealth ceased any financial contribution to local aerodromes. There is a provision there requiring the approval of the secretary of the department for any proposal to cease to operate the site as an aerodrome. That is simply a contractual requirement which was part of the wind-up of the Commonwealth's involvement in that scheme. Airports such as those operate under a state regulatory regime, and I think those two airports are in the ownership of local port authorities. They are judgments for the Tasmanian government, not for the Commonwealth, apart from this contractual requirement, which requires approval to be sought from the Commonwealth in the event of a closure of an aerodrome. But I am not aware of any proposal being brought to our attention. There has been no approach to my officers—I am looking around the table—in relation to those airports.

Senator MILNE—So there has been nothing received in terms of that contractual obligation with regard to any proposed closure?

Mr Mrdak—Not that we are aware of.

Mr Williams—No.

Senator MILNE—And that is the only responsibility that the Commonwealth now has in relation to those airports?

Mr Mrdak—In relation to the ownership and operation of those airports—apart from the Civil Aviation Safety Authority, which obviously sets the regulatory parameters for the licensing of aerodromes and their safety operations. Issues in relation to the operations of those airports as a business or continuing as an airfield, or the regulatory regime around those, are matters for the Tasmanian government.

Senator MILNE—So, if there was any plan to close them, you would only receive it after the decision had been made, more or less, and you would just be getting the sign off?

Mr Mrdak—No. Before they reach a decision to close, you would expect that they would approach the Commonwealth in respect of their contractual obligation to the Commonwealth to seek our approval before closing any airfield. That has been the case in other local government areas around Australia where there have been proposals to close aerodromes. The Commonwealth has been looking at those very closely in the past. There were recent proposals, from memory, for a number of small aerodromes in New South Wales to be redeveloped and the sites closed. The Commonwealth looks very closely at those in terms of whether the aviation demand for the region is being met, what the proposal actually is and what it means for access and the like before we would entertain giving consent to them.

Senator MILNE—Are the safety aspects of those airports—operational safety, air traffic control and that sort of thing—the responsibility of the Civil Aviation Safety Authority or is that state based?

Mr Mrdak—No, that is the Civil Aviation Safety Authority, which sets out the licensing requirements for aerodromes and the safety parameters for aerodromes to operate under.

ACTING CHAIR (Senator Ferris)—I understand that Senator O'Brien has some more questions for you after dinner, and that will be before we go to CASA.

Mr Bills—Acting Chair, before you close: there were two questions that the ATSB took earlier. One was from Senator Joyce, who wanted copies of our fatalities discussion paper and media release. I have half a dozen copies here. The other question was from Senator McLucas, who asked if the ATSB had received an occurrence notification at Horn Island involving a nose wheel in April 2002 for Piper Navaho VH-WZN. We have not, but I have brought some copies of the occurrences involving that registration around the years that may be relevant.

Mr Williams—The answer to Senator Milne's question on Hobart is that we understand the airport operator is still drafting the major development plan, so it has not gone to public comment yet.

Senator MILNE—Is there any time frame on that?

Mr Williams—I do not have that detail.

Proceedings suspended from 6.28 pm to 7.30 pm

Senator O'BRIEN—I want to return to the matter I was discussing before the break with regard to the Westralia Airports Corporation lease. Has the department taken legal advice on the meaning of clause 24(2) in relation to the obligation of a lessee to pay rates?

Mr Williams—The department has sought a range of legal advice over the years on the issue of the payment of ex gratia rates. I am not aware of any specific advice on the operation of the clause, but we have taken advice which supports the policy position that I read out earlier in relation to advice that we have provided.

Senator O'BRIEN—So you have not taken advice in relation to this specific clause. That was your evidence.

Mr Williams—Yes.

Senator O'BRIEN—You have advice which supports the general policy position?

Mr Williams—Yes, and the advice that we have provided.

Senator O'BRIEN—I am advised that the council and the lessee both have advice that does not support the policy position in relation to the meaning of clause 24(2). How does the department purport to advise the lessee without appropriate legal advice itself?

Mr Williams—The advice that we provided to the airports was not, and did not purport to be, legal advice. It was an amplification of the government's policy position with respect to competitive neutrality.

Mr Mrdak—The position set out in the advice the department has provided in terms of the policy intent reflects the intent in the drafting of the clause into the lease at the time and also what had been the situation with the Federal Airports Corporation formally as a government business enterprise and the way that these matters had been dealt with before the privatisation of Perth airport.

Senator O'BRIEN—I think that clause 24(2) is pretty specific, in subclause (a)(ii)—and (i) for that matter—about, for example, the parts of the airport that are to be taken into account for the purposes of levying rates and those which are not; where they are subleased and where there is trading or financial operations in a variety of things, excluding runways, taxiways, aprons, roads and vacant land. The council cannot recover rates for vacant land in the airport. In other words, where the lessee can use the land, other than for specific airport purposes, the intent was that rates would be leviable. Is that a fair comment?

Mr Mrdak—Yes, Senator.

Senator O'BRIEN—Then there is a provision about negotiation, which I think can only be read in conjunction with that, meaning that there can be a negotiation about how much land rates can be levied against. What other exclusion applies in terms of the levying of rates? There is nothing in there that talks about services, for example; it is just rates.

Mr Mrdak—That is right. In our policy advice we are reflecting the situation that existed pre the privatisation, which has continued, from my understanding, with a number of the airports, where they have negotiated a certain payment rate with the local government authority based on a mix of factors—the services being provided, the type of development

and the like—so we are reflecting the reality that in a number of situations councils and airports have worked together to settle an amount.

Senator O'BRIEN—But councils also levy rates on vacant land, don't they?

Mr Mrdak—Off airport, they do, yes.

Senator O'BRIEN—There is a specific exclusion for vacant land, so they get a concession in the lease.

Mr Mrdak—Those provisions were designed to pick up pre-existing Commonwealth policy to apply to the GBE, which was that essentially *ex gratia* payments would not be made on areas which were aviation related—pavement and the like—and areas which were non-developed but which in the main in the future would be required for aviation development. What we sought to do in drafting this clause of the lease was to provide a provision, as Mr Williams indicated, which ensures that businesses which are trading commercially are subject to rates, as would be any business off-airport.

What I am indicating is that in a number of situations, for historical reasons, some negotiation has taken place between the councils. A number of organisations do enter into negotiations with councils about the rateable levels, based on a whole range of factors, which I think is the point the minister made—other revenue they might provide to local government; multiplier effects; all of those sorts of things which may impact on a local government's view of them as a rateable parcel of land. We are suggesting that that is the situation in this case. In most cases, apart from this situation, airport owners and local government have reached an agreement. This is a situation where that has not been possible, to this point.

CHAIR—In the case of an aggressive owner of an airport—for instance, out here where they want to develop all the vacant land around it—wouldn't you be able to make out a case for them to make a contribution to the roads around the airport? It is a bloody nightmare out here, despite what they tried to shove down our throats at the last estimates. Try getting to the airport at half past eight or quarter to nine over the top there by the War Memorial. It is a nightmare. Wouldn't it be fair, if that was in our local government area, for the airport to contribute to the roads, as they do with parking and all the rest of it?

Mr Mrdak—Certainly, Senator. That has been the case in a number of developments which the government has approved, where airport developments have an impact on the surrounding road system. I think there have been examples in Adelaide, Essendon and Canberra itself where the airport, in doing a commercial development, has provided a contribution towards the way in which the roads connect, traffic management systems, off-airport infrastructure and all of those things. I think that was the case at Essendon—correct me if I am wrong, Mr Williams—where the minister set that as a condition of the development taking place.

We see that as part of the commercial negotiation when they bring forward major development plans. I think the relationship between the airports and the local communities is much stronger now than it was when the Federal Airports Corporation and the department ran the airports, because these private owners have a much greater incentive to work with local government and the communities around them than we did, to be honest.

Senator O'BRIEN—What is their incentive?

Mr Mrdak—As part of the business community in that area, the risk of an adverse business reputation or a regulatory change is much greater for them than it was for the Commonwealth. I think the incentives are there, and certainly the behaviour that we see from most of the airports, from my years of experience with the portfolio, is much better than when we, the department, ran these airports ourselves.

Senator O'BRIEN—I am afraid everyone who has come through my office who is not an airport owner has an entirely different view of the way that the airport operators and the businesses operating on airport land interact with their communities. There is certainly resentment about the developments and resentment about the services that the community has to provide, without proper input. This rate problem, in my view, is going to be an exacerbation of the difficult relationship that exists now with on-airport development.

Most of the rest of the community has to live with the planning laws of local government in terms of where you can have businesses, whereas that is not the case if you can get a business on airport land, for example. Someone who has gone through the process—Westfield, for example—of getting the land, going through the development process, getting council approval for building their property then may have it devalued by someone who can simply do a deal with an airport owner.

Mr Mrdak—As I say, I see it from the perspective of the discussions and the consultation that take place with the airport owners. I think that is a much higher level of consultation and process than what we had in place when we, the department, ran the aerodromes.

Senator O'BRIEN—A number of airports pay the full leviable rate. I believe Sydney airport does but I hear that there is now a dispute arising in Adelaide between West Torrens City Council and the airport operator. This appears to be a developing trend that has not existed in the past. You say you are aware of agreements in the past.

Mr Mrdak—My knowledge is that that situation with West Torrens is a longstanding one. It is not something that is a recent development. I think there have been issues going back to the days of the Federal Airports Corporation with that council.

Senator Ian Campbell—That is right.

Senator O'BRIEN—Have there been agreements in the past?

Mr Williams—Senator, it is my understanding that Adelaide airport and the West Torrens council had an agreement that they signed in May 2000 on the payment of ex gratia rates. In that agreement there were some offsets or adjustments for recognition of services either provided or not provided on the airport site. However, in recent times the West Torrens council have been in discussions with the airport about the rates. My understanding is that, as was the case with Perth, Adelaide airport paid the full rates that were levied on them last financial year. They are currently in negotiations about what the rate is for this year. One of the key aspects in that negotiation is the valuation of the new terminal.

Senator O'BRIEN—It is pretty low at the moment.

Mr Williams—They are ongoing discussions. I understand they are having a meeting with the state valuer-general this coming week.

CHAIR—When whoever goes along to Sydney airport and builds a development—shops or a hotel or something on airport land—who actually builds it? The developer?

Senator Ian Campbell—The developer would build it and the hotel would lease it.

CHAIR—So he leases it on a long-term lease from—

Senator Ian Campbell—They would normally do a ground lease from the head lessee.

CHAIR—Wouldn't that be the trigger for that suddenly becoming strataed off the airport?

Mr Mrdak—There are a variety of developments, as the minister has outlined. It can be a sublease where the developer builds the development with a long-term lease. There are other situations where the airport itself has built the facility and then subleases the building to parties, but the site remains Commonwealth land.

CHAIR—Can I put it to you in a different way: if it is Commonwealth land, do they have to pay any taxes? Are they GST exempt or anything on the way through for stuff that goes into it?

Mr Mrdak—No.

CHAIR—There was that curly one that came up where there was a sales tax exemption because it was on Commonwealth land, under the old pre-GST days.

Mr Mrdak—I do not believe there are any such exemptions existing any longer in relation to those matters.

CHAIR—There were, though, weren't there?

Senator Ian Campbell—The principle is to achieve competitive neutrality and it has, even in the case of the Perth airport, not been a matter of contention until recently, in terms of the taxes. You try to get a tax situation so that a business on one side of a road is no different to one on the other side of the road.

Senator O'BRIEN—Which is probably to do with the further development on the Perth site: as more land is developed, it comes out of the exclusion in the lease that rates are not leviable against vacant land. As the airports are developing and the rateable land area of the airports increases, and the rates increase, the airports are saying, 'We've got advice we can negotiate that down.'

Senator Ian Campbell—The valuer-general comes along, I presume, and puts a value on each of the businesses, just like they would on the other side of the street.

Senator O'BRIEN—That may be, but what the airports are saying is, 'We don't have to pay rates at that rate.'

Senator Ian Campbell—They have not said that. They are having a dispute over the rates and they are having a dispute over the valuer-general's valuation about that, but that occurs regularly across any capital city. You have a slightly more complex negotiation in an airport because you have to make some adjustments where the head lessee, which is the airport, is potentially providing services that the council would otherwise provide.

Senator O'BRIEN—Except that the lease does not talk about services at all, Minister. It talks about rates, about areas that are excluded from the rateable exercise and it talks about

subleasing and that being in the rateable exercise. It does not talk about services at all. Then it talks about negotiation. I would be interested if the department would supply a copy of the relevant legal advices that it says justify the advice it is giving to the lessees. Can we see that?

Mr Mrdak—We are happy to take that on notice.

Senator O'BRIEN—I take it the department has told the airports they do not necessarily have to pay the full rate equivalent, for example in the case of the City of Belmont levying against—

Mr Mrdak—No, Senator. Mr Williams read into the *Hansard* the details of the advice that has been provided to the airports. That makes quite clear our expectation but, as Mr Williams and I have outlined to you, also recognises the historical reality and what has been taking place, which is that there has been negotiation taking place between the parties in the past and it continues to take place. Our advice to the airports simply recognises that. But I think the advice Mr Williams read out has been quite clear about the obligation. We do not see a linkage to services necessarily but we recognise there has been negotiation in the past.

Senator Ian Campbell—For the benefit of the committee I might say that I took this legislation through the parliament and it was legislation that was identical to the policy of the Labor government when we took over in 1996. I think if you go back you will find that the Labor Party voted for the legislation.

Senator O'BRIEN—I am not in a position to debate what occurred at that time. All I know is what the lease says. I am interested if there is advice that the department has.

Senator Ian Campbell—I think the lease is clear. The Commonwealth's position is clear in support of the lease. The situation in terms of rates has been working at all of the airports that have been privatised by us that would have been privatised by the Keating Labor government and has been working effectively at virtually all of the airports for virtually every year since they were sold. You now have a dispute. That dispute should be resolved in a way that provides competitive neutrality for businesses in relation to the rates and taxes in relation to businesses inside the airport land or outside it. That is the policy position. It should be enforced and we want to see that happen.

Senator O'BRIEN—Then businesses who own vacant land outside the airports are disadvantaged.

Senator Ian Campbell—Businesses who own land?

Senator O'BRIEN—Yes, businesses that own vacant land are disadvantaged because they have to pay rates on that but the airport does not.

Senator Ian Campbell—There is a difference between vacant land next to a runway and vacant land on a bit of road. Airports need vacant land around them. There is a very big difference.

Senator O'BRIEN—Yes, but most of them think that that is so they can build a wholesale facility or a brickworks or something like that. The contract term is the same for all of the airports?

Mr Mrdak—Yes, that is a standard provision in all of the federal airport leases.

Senator O'BRIEN—What role if any has this part of the department had in attempting to deal with the problem at Adelaide airport?

Mr Williams—My understanding is that over the years we have basically taken the stance that I read out earlier in relation to Perth airport, that the government expects the two parties to—

Senator O'BRIEN—I mean the problem with the terminal.

Mr Mrdak—The other problem at Adelaide airport. I think our role has been through the efforts of the environment officer, but relatively limited.

Mr Williams—It has been a very limited role in terms of the fuel issue; just monitoring. It has essentially been a commercial and operational issue at the airport level between the airport operator, the fuel companies and the airlines which, based on reports, is coming to an end.

Senator O'BRIEN—It may indeed. Then again it might not. We shall see. What role is the department playing in the government's international aviation policy review, which is concerned, amongst other matters, with Singapore Airlines' request to fly from Australia to the United States?

Mr Mrdak—The department has led the work for officials in preparing analysis and advice for the government on the issues. The secretary of our department heads a senior group of secretaries which is providing advice to ministers. I chair a working group of officials, which has been bringing together across the portfolios advice on the various issues, undertaking analysis for government, and preparing advice for senior ministers in relation to the issues under review.

Senator O'BRIEN—When did this review begin?

Mr Mrdak—It commenced in around July last year formally. Work on these issues is obviously an ongoing role for the department. We have responsibility for international aviation matters for the Australian government. Formally, this work is part of an interdepartmental committee which commenced in around July last year.

Senator O'BRIEN—Are there particular terms of reference?

Mr Mrdak—There have been some terms of reference which have been developed for the work of the interdepartmental committee, which have guided the areas to be covered.

Senator O'BRIEN—It is a sort of series of headings?

Mr Mrdak—Series of areas to be covered in terms of the areas to be assessed and analysed in relation to the policy settings and the analysis to be undertaken into specific issues, such as the one that you have mentioned, which is in relation to third country access to the Australia-US route.

Senator O'BRIEN—Has the aviation industry been involved in this review?

Mr Mrdak—It has not been a public review. As Mr Potterton of the Bureau of Transport and Regional Economics outlined this morning, in relation to some of the underlying economic and financial analysis, we have had discussions with the major airlines who have an

interest in this matter, including Qantas, Singapore Airlines, United and others. They have provided data information for the work that we are undertaking.

Senator O'BRIEN—You have named Qantas and Singapore. What about Virgin Blue?

Mr Mrdak—Certainly Virgin Blue and United Airlines in particular.

Senator O'BRIEN—Which other stakeholders have been involved?

Mr Mrdak—We have had discussions with a number of the major airports that have an interest, particularly in relation to the trans-Pacific route.

Senator O'BRIEN—There have just been discussions; there has not been a formal submission process?

Mr Mrdak—Some parties have chosen to provide written information to us but on the whole they have been discussions. Some of the carriers have provided detailed data to assist our analysis of the financial and economic issues.

Senator O'BRIEN—We have seen the competing views of Mr Truss and some other government members on the subject matter of the review. Do you know when the government will give the aviation sector some certainty and announce the outcome of the review?

Mr Mrdak—That is a matter for senior ministers. I could not comment.

Senator O'BRIEN—Has the department's role included preparation of advice?

Mr Mrdak—The department continues to provide analysis and advice on these matters, as we would in the course of our normal day to day job.

Senator O'BRIEN—Does the IDC continue to meet?

Mr Mrdak—The IDC has not met this calendar year. The last meeting was towards the end of last year. It is not clear at this stage when the IDC might meet again.

Senator O'BRIEN—Or if?

Mr Mrdak—Or if.

Senator O'BRIEN—In November, we were told that the department was doing some work on the definition of 'aeronautical services' to assist the ACCC in its price-monitoring task. What is the scope of that work?

Mr Williams—In the minister's announcement on the review of the Airports Act, he stated that we would be looking at the definitions of 'aeronautical services', in particular parts 7 and 8 of the Airports Act. The definitions in the Airports Act need to align more closely with those definitions under direction 27 of the Trade Practices Act. We have been working on a proposed draft definition of 'aeronautical services'. We are in the preliminary stages of consulting with industry on potentially new draft definitions for the Airports Act regulations.

Senator O'BRIEN—Does that mean that we should expect a proposed amendment to the Airports Act?

Mr Williams—In due course, yes, to more closely align direction 27 and the regulations under the act—amendments to the regulations.

Senator O'BRIEN—When will the work that you are doing on this matter be concluded?

Mr Williams—As I said, we are in preliminary discussions with the industry at the moment and we have sought comments from them. We are still in the process of receiving those comments and work through the issues with the Treasury. I could not give an exact time frame on when the amendments will take place, but during the course of this year.

Senator O'BRIEN—I have some other questions about non-aviation related development on Commonwealth owned airport land. In November, Mr Williams, you read a letter into the *Hansard* that contained conditions of approval for the direct factory outlet development at Essendon airport. I do not want to revisit the issue in detail, but how are those conditions formally imposed? How does the department ensure that they are complied with?

Mr Williams—Under section 94 of the act, the minister may impose conditions on a major development proposal. In relation to the Bulla Road development at Essendon airport, the minister imposed those conditions that I read into the *Hansard* last time. In terms of follow-up on those, that is a process of ongoing monitoring, including periodic report-back from the airport lessee company. Some of the conditions on other developments may require certain plans to be put in place during the course of the development, such as environmental management plans or the like. They may require approval of certain parties, like the airport environment officer or the airport building controller, other agencies such as CASA, or the Department of Environment and Heritage may need to approve things. At the airport site itself, the airport building controller also has an approval and monitoring role of all developments on airport sites. We also conduct regular monitoring of the leases through lease reviews annually, and we take the opportunity to also follow up at that stage. For instance, I have recently written to another airport about the conditions imposed on a development at that airport and asked for advice on how they are proceeding. It is an offence under the act if the conditions are not met.

Senator O'BRIEN—That presumably would mean that you could refer the matter to the DPP, could you, for prosecution?

Mr Williams—We could seek various legal remedies under the act, including a fine or injunction, or specific performance, depending on the nature of the condition and the actions that have been taken.

Senator O'BRIEN—Would the lease of the lessee be endangered by a breach of those conditions?

Mr Williams—No, Senator. Termination under the lease is only restricted to two events: if the airport lessee company were to lose its aerodrome licence from CASA or if they were not to use the site as an airport or provide access to the airport.

Mr Mrdak—To put this in context, quite consciously the decision was taken to place all of the regulatory matters, as far as practicable, into the legislation, rather than in a contract such as the airport lease. While the lease stems from the act, the regulatory provisions and the controls are all exercised through the Airports Act and its various regulations. We did that quite consciously because of the power, as Mr Williams has indicated, to seek redress and action.

Senator O'BRIEN—Regarding the proposed commercial development at Sydney airport, am I correct in understanding that the Sydney Airport Corporation is proposing a \$200 million development which includes a 60,000-square-metre retail and cinema precinct?

Mr Williams—The Sydney Airport Corporation has actually put out two major development proposals for that site on the airport: one includes a cinema and retail outlet, including a supermarket; the other one includes bulky goods outlets and commercial office space. They put out two proposals to the public for general comment in accordance with the provisions of the act. It is not clear, at this stage, whether they will proceed to present both those options to the minister for approval or whether they will just choose the one, but at the end of the day only one of those developments will take place, if approved, under the act.

Senator O'BRIEN—The New South Wales Minister for Planning, Mr Sartor, said that, if approved, the proposal—that is, the proposal that I referred to—could cost New South Wales taxpayers up to \$2.7 billion in extra road funding to cope with the increased traffic. He said the proposal also affected airport security. Does the department have a response to these concerns?

Mr Williams—In relation to the figure that has been recorded—the \$2.7 billion—that was a comment stemming back from comments the New South Wales government provided on Sydney's first master plan. The actual development in question, which has just been put to the public, of itself would not lead to anywhere near that sort of impact on the road network surrounding the airport.

Senator O'BRIEN—So you do not believe Mr Sartor?

Mr Williams—It is an issue, as I said, in relation to the general growth in the airport that is forecast in the major development plan, the master plan, which will see Sydney's passenger numbers almost treble over a 20-year period. They are issues which will be looked at in the broader context over time.

Senator O'BRIEN—Where is the planning process up to?

Mr Williams—The public comment period on the two MDPs closed on 30 January 2006. Therefore the proposal is now in the hands of Sydney Airport Corporation to have a look at all those submissions, public submissions and from people who made submissions to the MDP. The airport then needs to take account of all those public comments and pay due regard to them. If they submit the plan to the minister they need to outline to the minister the outcomes of the consultations and how they have paid due regard to those consultations and to identify any adjustments to the major development plan as a result of those public comments. It is unclear as to when the airport will submit the MDP.

Senator O'BRIEN—Where is the brickworks proposal at Perth airport up to?

Mr Williams—Again, that is in a similar position: a public comment period has recently been completed and Perth airport are going through the same process.

Senator O'BRIEN—Has the member for Hasluck made representations to the minister and the department in opposition to the proposal?

Senator Ian Campbell—Yes.

Senator STERLE—The member for Hasluck has been very vocal in his seat over the proposed building of the brickworks on that airport land. He has used public meetings, local media and even—up to the weekend—national media to show his opposition to that. There have been many reasons. There have been pollutants and truck traffic and devaluation of family homes. In the last correspondence that I witnessed I was led to believe quite clearly that you, Minister, had the next say before it went to the minister for transport. Is that correct?

Senator Ian Campbell—Yes, there is an environmental assessment going on, a very thorough one. In fact, I am told it is the most thorough and detailed of any in Australia, in terms of public consultation—the detail of it—so the Commonwealth can assure anyone who is interested that it will be put through a very rigorous process. It will ultimately come to my desk, once the department have given advice to me based on all the consultations that have been described here.

Senator STERLE—I have been told it is the least stringent one that can be used. How far away are you from making a decision?

Senator Ian Campbell—That is wrong. In terms of a public consultation process it is the longest in Australia, substantially longer and more detailed than the Western Australian government's processes.

Senator STERLE—It may be the longest but everyone in the seat of Hasluck who has turned up to those public meetings had made it quite clear, from professionals down, that it is the least stringent. How far away is a decision on this proposal for the brickworks?

Senator Ian Campbell—I am not sure. I have not seen the advice yet. The advice will come to me and I will have a look at it and read it very thoroughly. I promised that to Stuart Henry and I promised that to all of the constituents I have communicated with.

Senator O'BRIEN—On 14 November last year Mr Truss released a statement saying a review of the privatised airport regime has shown it is working, although some finetuning of the regulatory regime was necessary. Who conducted this review and over what time frame?

Mr Williams—The department conducted the review. It sought public submissions. I believe 61 submissions were received. The department also consulted relevant agencies, such as Treasury, Finance and Prime Minister and Cabinet, in the conduct of the review. The terms of reference for the review were announced in November 2002 and submissions were sought in 2003.

Senator O'BRIEN—When was the report provided to the minister?

Mr Williams—There was a report provided to the former Minister for Transport and Regional Services in 2004. The government and subsequently Minister Truss considered the recommendations of the report which led to the announcement in November last year.

Senator O'BRIEN—Was there a cost of the report that you can report to us?

Mr Williams—I would have to take that on notice.

Mr Mrdak—I think the costs will form part of the aviation division's costs, which is Mr Williams' branch predominantly. I do not think there are any external costs.

Mr Williams—They would have all been internal to the budget.

Mr Mrdak—Internal costs, so it might be difficult to discern what proportion of his budget was allocated to this task. It was a task undertaken by officers in Mr Williams' branch along with a range of other tasks. We will make our best endeavours, but I am not sure we are going to be able to break it down so specifically for you.

Senator O'BRIEN—The report has now been with ministers for over a year, has it?

Mr Williams—In the lead-up to the announcement.

Mr Mrdak—It had been through a process of government consideration which culminated, as Mr Williams has said, in the announcement by Minister Truss in November.

Senator O'BRIEN—Can the committee be provided with a copy of the review report?

Mr Williams—Again, I will have to take that on notice.

Mr Mrdak—It formed part of the deliberations by senior ministers, so we will need to check the status of that, as to whether we can provide it.

Senator O'BRIEN—Are reports that Mr Truss intends to halve the public consultation period on airport developments and double the threshold at which approval is required accurate?

Mr Williams—Not quite. In the announcement on 14 November the minister outlined the proposed streamlining of the public comment and assessment periods under the act. For instance, the current public comment period for a master plan or a major development plan is 90 calendar days; the proposal under the act is to reduce that to 45 business days. That may be where the reporting of it being halved perhaps has come from. But in reality, if you add weekends, and there is also the concept that having business days allows for Christmas and other holiday periods to not be taken into account, it will basically reduce it down to about 61 calendar days; that would be the equivalent. That still compares very favourably in terms of the length of the public comment period in relation to other states and territories, where 20 to 30 days is not unusual.

Senator O'BRIEN—It is cutting it by a third?

Mr Williams—About a third, yes.

Senator O'BRIEN—What about the threshold at which approval is required?

Mr Williams—Currently, developments over \$10 million require a major development plan. The proposal is to move that to a \$20 million threshold. Having regard to the fact that the act was brought into play in 1996, there has been a significant increase in building costs over almost a 10-year period, so it reflects that. We also intend to put into the regulations an automatic cost inflator over time, with an appropriate index. Where a development might have a significant impact on the environment, the environmental triggers under the act remain, so that could be a proposal that is less than that threshold.

Senator O'BRIEN—Has a decision been made on the full scope of changes the government will introduce in response to the review?

Mr Williams—We have put drafting instructions to the Office of Parliamentary Counsel in terms of the changes to the act. We are still in the process of working on the regulations. That has commenced in terms of changes to the regulations that flow from changes to the act, but

also, as I alluded to earlier in terms of parts 7 and 8, the changes to the regulations can move independently of changes to the act.

Senator O'BRIEN—Is there any intention to release further detail of the regulatory changes it is proposed to make?

Mr Williams—As I alluded to earlier, in terms of some of the regulatory changes that we are making we are consulting with the industry as we go forward.

Senator O'BRIEN—That is all I have, thank you.

Senator Ian Campbell—Mr Chairman, I did not want to interrupt Senator O'Brien, but could I just add a postscript to my comments on the approvals process. Mr Williams has gone through in some detail the major projects side in DOTARS, and transport ministers' approvals, and of course any airport land development has to go through an environmental assessment process as well. Senator Sterle wanted to say that this process was somehow less robust than state development processes. In Western Australia there is a very good example that Senator Sterle and others could make a comparison with, and that, of course, is the approval process for a very major desalination plant on Cockburn Sound. I would recommend to him that he compares the processes that apply to development on airport land anywhere in Australia with the process that applied to a major polluting installation on the banks of Cockburn Sound and the process that it went through, and compare it to the approval process, which was non-existent, at Kurnell Peninsula, where the New South Wales government plans a desal plant. State governments that criticise the federal government's planning processes need to have a good look at themselves in the mirror first, I suspect.

Senator STERLE—Minister, I attended public meetings over the proposed brickworks, and I thought I made it very clear. Sorry, you probably did not hear that most important bit. I said that the member for Hasluck, Mr Henry, was vehemently opposed to it because of the huge brick stack in the flight path. I listened to your concerns about the desalination plant, but there is no brick stack in a flight path there. That is a concern for another area, not here tonight. I asked you clearly—on that subject, and alluding to the question—whether you have taken that into consideration as well.

Senator Ian Campbell—Stuart Henry has lobbied me on a virtually weekly basis about the whole proposal; not just to do with the stack but to do with air quality around the district, impact on traffic, impact on local residents. You made an assertion that the approvals process that this was going through was somehow less robust than that that occurs outside the airport.

Senator STERLE—Yes.

Senator Ian Campbell—I have been the minister for 18 months now, coming up to two years, and I can assure any senator that, if you compare the approvals processes that apply under state legislation to ours, ours stand up to the best international scrutiny. If you want a classic example that exercises the minds of a lot of people in Perth—regardless of their politics, Senator Sterle; I think we would agree on that—there are many people opposed to the brickworks. I know that, because I am writing to them all at the moment. There are many thousands of people who are deeply concerned about building a desalination plant on the banks of Cockburn Sound, pumping greenhouse gases into the atmosphere and pumping highly saline water into Cockburn Sound. Our approvals process at the airport will involve

massive public consultation, looking at economic and social aspects and environmental aspects. The desal plant on Cockburn Sound and the one proposed at Kurnell Peninsula both went through on a tick and a flick with virtually no assessment at all.

Senator STERLE—They were concerned also about the cane toad superhighway that was opposed by the Liberal opposition in the last state election, but what I was alluding to, Minister, was that there is a stack, a very high stack, and Mr Henry—and credit to Mr Henry—has made it very clear that he has a massive concern. As he said to a crowd of some 350 to 400 people, I think it was, at the last public rally, he flies a lot and he doesn't want to be sitting on a plane coming into Perth in inclement weather and bumping into a stack. I share that concern with him, because we are normally on the same plane!

Senator Ian Campbell—That is right. I have to say that you have picked up a good point. Stuart Henry is one of the most effective, articulate new members that I have seen come into this place at the last election and I think the people of Hasluck should accept the word of a Labor senator that he is sticking up well for his local constituents. We agree on that as well.

Senator HOGG—I recommend that if the department would like to see a stuff-up for an airport, go to DFO, Brisbane airport and see the havoc that that has caused for people getting to and from the airport. That is a monumental stuff-up.

CHAIR—Can I just point out that—

Senator HOGG—Yes, you can throw your stuff-ups in!

CHAIR—These are not paid advertisements, are they?

Senator HOGG—No, this is not a paid advertisement.

CHAIR—No-one has got to declare an interest here? This isn't paid political advertising?

Senator HOGG—No, not paid political advertising.

CHAIR—Thank you.

Senator STERLE—A 'situations vacant' for header drivers—female header drivers, sorry.

CHAIR—Yes, we have to get the gender balance right.

Senator McEWEN—I would like to ask another question about Adelaide airport, which is near to my heart.

Senator Ian Campbell—It has a really good terminal, absent some planes to make it look normal.

Senator McEWEN—At the rate we are going, the Prime Minister will be able to open it again before the 2007 election.

Senator Ian Campbell—You're on to us now!

Senator McEWEN—The ANAO report, *Management of federal airport leases*, of 2003-04 is slightly critical of the department with regard to the conduct of annual lease reviews and said:

The Department's objective in conducting lease reviews is to ensure that it is sufficiently well informed to be able to assess an airport operator's compliance with the requirements of the Airport Lease.

Has the department conducted the annual review with Adelaide Airport Ltd for 2005?

Mr Williams—Yes, that is my understanding.

Senator McEWEN—Can you give us a summary of what the findings were of that review, or is there a published review of that lease?

Mr Williams—It is an internal review in terms of the contractual relationship between the department and the airport lessee company. I am not aware of any major issues that arose through that process in terms of lease compliance.

Senator McEWEN—Presumably, the construction and operation of the new airport terminal is part of the lease arrangement.

Mr Mrdak—Not specifically, Senator. The lease arrangement goes to the individual clauses of the lease, and the performance against the regulatory requirements in the act and regulations. The operation of the terminal, certainly not. In terms of the current impasse over operations, no. Certainly, in relation to the approval process and the way in which it is constructed, if there are any issues emerging, particularly environmental or planning issues, then they would have been canvassed, but I am not aware of that. Mr Williams has indicated he is not aware of any issues in relation to that. The fuel supply is a separate issue, and the delay in opening the terminal.

Senator McEWEN—When do you anticipate conducting the 2006 annual review with Adelaide Airport Ltd?

Mr Williams—I would have to take that on notice. It would be some time this year. It varies from airport to airport.

Mr Mrdak—We generally like to complete them in about the third quarter of the calendar year. Mr Chairman, while we are in the process of changing over to the next item, can I just deal with a couple of matters which Senator O'Brien raised this morning, and provide some additional information. This morning Senator O'Brien asked for staffing details of the interim Office of Airspace Management. I am advised that the current staffing is that we have 11 Department of Transport and Regional Services officers, some of whom are working on airspace issues but others of whom are working on other technical matters such as GNSS and the like, who have been brought in to the interim OAM. Additionally, we have five secondees, two from Airservices Australia and three from the RAAF who are working in that interim Office of Airspace Management. All of their costs are met by those agencies.

Additionally, this morning Senator O'Brien asked for details of the section 61 determination under which the secretaries' allowances are paid. Mr Chandler has an answer in relation to that question, if that is okay.

Mr Chandler—I indicated this morning we had to get clearance from Prime Minister and Cabinet to release the section 61 determination. They have given that and I will table that document now. That covers remuneration conditions for the secretaries. In particular, I draw the committee's attention to clauses 7.12 to 7.18, which cover accommodation support and reunion travel arrangements.

Senator O'BRIEN—Thank you for that.

CHAIR—I presume it is the wish of the committee that that document be tabled? There being no objection, it is so ordered. I thank the people from Aviation and Airports, including Mr Doherty.

[8.22 pm]

Civil Aviation Safety Authority

CHAIR—We now welcome staff from CASA. Perhaps you could make an opening statement.

Mr B Byron—I have a brief introductory statement, which is an overview of some recent announcements that we have made that I thought you might be interested in. Last week you may be aware I announced the next steps in CASA's reform process and some significant changes to the way we operate. These steps are driven by a clear focus on aviation safety and build upon changes we have already made over the last 18 months.

Last year we formalised a comprehensive industry sector priority policy which clearly placed passenger-carrying operations ahead of all other commercial and private operations and flagged an increase in industry surveillance. We also spent time reviewing our non-operational support areas and changed some of our practices and procedures as a result of these reviews. This year the focus is firmly on our operational areas and what we can do to ensure our resources and efforts are directed into areas that will have the best impact on aviation safety. These changes are also ensuring our priorities match the needs and expectations of the Australian public. People who buy tickets on airlines and have no control over their aviation safety risks expect us to play an active role in managing these risks. The same applies to those who charter aircraft.

One of the major changes we announced last week was the abolition of Canberra based positions in our general aviation and air transport operations groups. New positions will be created in our field offices around Australia to support our increased surveillance plans. Our air transport and general aviation people must be in regular contact with the industry to understand where safety risks exist and how to respond to them.

We have also announced the closure of our New South Wales country field office in Canberra and the movement of management functions from our Townsville office to Cairns in Far North Queensland. Reviews conducted last year indicate there is little value in retaining two offices in country New South Wales and two offices in Far North Queensland, so we are moving positions from these offices to areas where they can make a better contribution to safety.

This year will also see us introduce new teams of safety systems specialists, who will be responsible for taking a wide view of safety performance of operators, allowing our discipline experts, our technical people, to concentrate on their fields. Complementing this initiative will be the creation of special teams to review the safety of smaller, passenger-carrying operations, including charter organisations who historically are at the highest risk of having accidents. This is effectively a double-check of these types of operators.

In addition to these initiatives, I have announced changes to be made in our manufacturing certification and new technologies office, most significantly in our certification manufacturing

and engineering support areas. This will align the office more closely with industry activities and provide more effective oversight. Changes will also occur in our personnel licensing education and training group, where we will be getting our safety educators out talking to people in the field, where I believe they are needed most. We will be also exploring the possibility of outsourcing some of our maintenance personnel licensing functions to appropriate delegates, which would free up our resources and allow our people to focus directly on our safety related risks.

I have also set specific deadlines and introduced a new approach to the management and delivery of the regulatory reform program. A lot of work went on last year to find the best way to go forward with our remaining regulatory reform tasks, including an examination of the European approach to developing new regulations. Specifically, CASA looked at the European maintenance rules and their suitability as a model for Australia to adopt. After careful consideration, we decided that the European model is a sound and useful starting point for the Australian maintenance regulations and work is progressing on that basis.

Perhaps the most significant result of this initiative will be the development of outcome focused regulations which are shorter, simpler and easier for industry to understand. The new maintenance regulations will be completed this year, along with rules relating to aerial work application and the sports aviation suite. The majority of the remaining rules we plan to finish next year.

Finally, I have established a new ombudsman-style role within CASA to be known as the industry complaints commissioner, who will provide people in the aviation industry and the public with an additional way of having decisions made by CASA people reviewed. Naturally, people will still have access to other appeal channels such as the Administrative Appeals Tribunal and the Commonwealth Ombudsman, but the CASA industry complaints commissioner will provide an additional avenue for people who have complaints or concerns.

The charter the commissioner will work to is to resolve complaints in an impartial, timely and effective way to achieve fair outcomes. I also expect that, if the commissioner finds any shortcomings in the way we are operating, recommendations for change will be made to stop those problems happening again. I believe the creation of this commissioner will send a clear signal to the aviation industry that we are very serious about improving the way we operate and the services we provide. I would like to emphasise that the changes we have instigated are squarely focused on improving our contribution that we make to aviation safety and making sure we are directing our energies and resources into the areas where they are needed most.

That is an overview. There is a lot more detail that is available on our CASA website. Thank you, Mr Chairman.

Senator O'BRIEN—Mr Byron, can you tell us when CASA provided answers to the department relating to questions on notice taken at our last hearing?

Mr B Byron—We were working on them straight after the hearing, Senator. We provided the majority of our answers through the early parts of December but the department did come back to us with more detail requested on a number of questions through the month of December.

Senator O'BRIEN—When would you have provided the finalised version?

Mr B Byron—It would have been in the month of December, certainly before Christmas.

Senator O'BRIEN—In relation to matters contained in your statement about what you have described as the reforms to CASA's operations, which were announced on Friday, are these changes going to lead to improved aviation safety?

Mr B Byron—I believe they will. My experience in the aviation industry led me to the view that the biggest contribution that CASA could make to effecting direct safety outcomes, either by regulatory action or by influencing the behaviour of the industry, was by being out there more and having more interaction with industry. That does not necessarily mean they need to be out there holding their hand. It means allocating more time for the various types of surveillance which we have a statutory obligation to do. We also have other obligations that recognise that most of the safety deliverables on a day by day basis are done by the industry, not by CASA, and we have to be positioned to observe that, to see how they are managing the risks. I genuinely believe that we need to have more of our people accessible to conduct front-line activities, particularly increased surveillance—and it is over 12 months ago that I flagged an intention to increase surveillance—and that this is the best way to go.

I will give you an example of an experience I had 20 years ago. I was a Department of Aviation examiner of airmen at the time. I was conducting a training exercise with another examiner in a department aircraft, in the days when the department had aircraft. We were at Shepparton or somewhere like that. We had done an instrument approach and had landed. The weather was pretty close to the minimum for conducting a flight test. While we were sitting on the ground—we had shut down—an aircraft appeared out of nowhere on a visual type flight and proceeded to land. It did a pretty quick landing on the aerodrome, downwind as I recall it. Being on the spot, I was able, with my colleague, to approach the pilot and not only talk about the regulatory issues but try and indicate to him, from an educational point of view, that it was a pretty dumb thing to do and that he would get a much better safety outcome if he did things differently.

Two years ago, before I started this job, I was making a presentation at some industry conference and that same person came out of the audience afterwards to have a chat with me. He said, 'The fact that you tapped me on the shoulder and had a word to me made me think about the way in which I did my work and I think it made me a safer operator.' I can relate to that personally. I believe that by having our people out there more we can effect better safety outcomes. It assists the industry to deliver them, because at the end of the day it is the industry that delivers those safety outcomes on a daily basis.

Senator O'BRIEN—When did work on these changes commence?

Mr B Byron—There is a range of changes but some of them were initiated, in the analysis stage, probably about 10 months ago.

Senator O'BRIEN—You are abolishing 65 Canberra based positions. Is there a way that you can describe the positions that are not going to be available in Canberra?

Mr B Byron—Yes. We currently have 65 positions in our establishment that are in the air transport operations group and the general aviation operations group. Since our restructure, they are the two operational groups that are what we call industry facing. They are responsible for the surveillance of the various parts of the industry plus the development of the policy

relating to the surveillance and the development of some of the standards. The people in Canberra are primarily in the policy development area. There are technical people there and also quite a few administrative support people. Of the 65 positions, 50 are currently manned. So it directly affects 50 CASA employees. Of those, there are 37 technical people—inspectors and technical officers—and 13 administrative people.

Senator O'BRIEN—So there are actually only 50 positions in Canberra.

Mr B Byron—Yes. Because we work under an establishment system, we wanted to make it quite clear that the establishment of those groups, which adds up to the total of 65, means that the positions will be abolished.

Senator O'BRIEN—Were the affected staff consulted ahead of Friday's announcement?

Mr B Byron—Not directly, no.

Senator O'BRIEN—Indirectly?

Mr B Byron—There were no formal discussions with any staff. From what I heard on Friday, I think that a number of people believed that this was a likely expectation, but there was no formal consultation.

Senator O'BRIEN—Is the redundancy budget still \$1.8 million this financial year?

Mr B Byron—Formally, yes, for this financial year.

Senator O'BRIEN—There was a story by Steve Creedy in Friday's *Australian*, which said:

CASA staff facing the forced relocation view the move as a cynical exercise designed to deflect criticism of Mr Byron's performance, the controversy over his decision not to live in Canberra and his poor relationship with some industry sectors.

A staff member was quoted as saying:

There's absolutely no belief that it's going to make a difference to CASA's ability to deal with the issues it faces. It's very much a case of doing something quickly before Senate estimates.

Are these views widely held in the organisation?

Mr B Byron—No, I do not believe so, Senator. We have an intranet system where people can provide feedback, and all the feedback that I have seen since Thursday's announcements is positive in nature, with some suggested tweaking of details.

Senator O'BRIEN—Staff morale is good then?

Mr B Byron—I believe that the morale of the majority of staff is good.

Senator O'BRIEN—Including the 50, or are they a separate group? How many of the 50 are looking to relocate, do you think?

Mr B Byron—That is the process we are undertaking at the moment. After Thursday, the group general managers were tasked to start working with the staff. I made it clear when I announced this that I understood the significance of it to the people affected. We wanted to make sure that we had the necessary support in the human resources area and the functional managers to sit down and work it through with each individual person. We are committed to doing that over the next four weeks so that this does not drag on unnecessarily. That work has

started and it will certainly pick up pace over the next little while. That is the human element that we were at pains to stress that we were going to support, and we obviously have to deliver on that.

Senator O'BRIEN—How were industry stakeholders consulted on the proposed changes?

Mr B Byron—I had been receiving various messages from industry, in addition to my own views that I held prior to joining CASA, about the best location of our operational staff. When I joined CASA, we had 50 per cent of our people in Canberra and 50 per cent of our people spread around the other offices. I did not formally go out to industry and ask them whether I should move these positions to industry locations but I was aware that there would be quite a bit of support for it. It was a decision taken internally, after analysis of the various options.

Senator O'BRIEN—So you are aware that there is quite a bit of support for this proposal?

Mr B Byron—I believe there is a significant amount of support from within CASA and from the industry.

Senator O'BRIEN—The first item on the summary produced by CASA is a review of the key management positions across CASA to ensure that the right people are in the right jobs. How high up in the organisation does that review go?

Mr B Byron—We are starting pretty much at the layer under the recently recruited group general managers.

Senator O'BRIEN—So that level and above are not being reviewed? Were they engaged with this in mind?

Mr B Byron—My best answer to that would be that we have been through a fairly exhaustive process of picking group general managers in a lot of these positions with workforce capability issues in mind. I flagged to the management group in December that assessing workforce capability would be an important part of the first work this year. I believe our senior management group is strong. We have spent a lot of time over the last year in building a new management team at the senior level, but I wanted to make sure we did not exclude the rest of management in assessing people's capabilities. We need to start with the management group and work down.

Senator O'BRIEN—Who is conducting the review? What is its time frame?

Mr B Byron—It will be coordinated by the head of human resources and, although we have not set a specific target deadline, my expectation is that the full management group would be through this process over the next six months.

Senator O'BRIEN—I take it that that will be internal and therefore there will be no additional cost.

Mr B Byron—Correct.

Senator O'BRIEN—How will CASA's overall staff numbers change after the reforms are implemented?

Mr B Byron—I do not have a final answer on that. I believe that, with the abolition of some of the administrative positions in head office in Canberra and the movement and creation of positions in other field office locations, there should be some opportunities for

efficiencies with our support staff. We do not expect the total numbers of technical staff to change at all.

Senator O'BRIEN—I think you have touched on the office closures and relocations. Townsville is closing—being relocated to Cairns.

Mr B Byron—Far North Queensland has a split office. Townsville has the management location. There are, I believe, up to about 18 staff there. The Cairns office, which is a suboffice of Townsville, has about eight people. It is pretty clear to me that the majority of general aviation activity particularly, and passenger carrying operations, are in Cairns. We need to shift the balance effectively, which is what we are doing. To make sure that people understand the long-term plan, we have said that the long-term aim is to close the Townsville office, but I do not see that happening for some years—five years would be an example. We have commitments there with the lease of the building, and there is a need for some presence in the next little while. The big change from my point of view is that we are moving the management function to the Cairns office to give that strength in dealing with the aviation industry at Cairns.

Senator O'BRIEN—The Canberra office is closing and you are moving staff out.

Mr B Byron—The Canberra country office, yes. The staff will move into our central building.

Senator O'BRIEN—When will that office close?

Mr B Byron—The end of the year or possibly into the first few months of 2007.

Senator O'BRIEN—What functions will be left in Canberra?

Mr B Byron—All of our information support group; the legal services group; planning and governance office; the support for the office of the CEO and the chief operating officer; personnel licensing, education and training, which is a considerable group, including the Canberra licensing and registration centre; human resources and finance. I am reminded by Mr Gemmell about the manufacturing, certification and new technologies office as well, with its headquarters function in Canberra. The main thrust of the location change from Canberra is to get operational people who support the air transport area and the general aviation area—to get more resources—into those front-line field offices, effectively to do more surveillance.

Senator O'BRIEN—Has the function of the office of the chief executive officer changed as a result of these wider changes?

Mr B Byron—The functions within the office of the CEO will be bolstered by the industry complaints commissioner, who will reside within the office of the CEO and report directly to me. There are no other changes.

Senator O'BRIEN—The industry complaints commissioner will be part of the CEO team?

Mr B Byron—Will report to me, so therefore effectively within my office. The idea is that where people have had complaints about CASA decisions in the past—it might be a decision made by a local manager or a delegate at various levels—the complaints have tended to come in and they have been handled within the line area. I think that is appropriate in many cases, but we wanted to send a message to industry that there was an opportunity for an independent

assessment so that, if necessary, the CEO had access to different advice to perhaps overturn a decision.

Over the last year or so, a lot of people in industry have, in my view, developed a certain amount of confidence in taking things to my office when the need arises. There have been occasions where I have had to actually look at something, when I have received it from industry, and deal with it. This provides a formal way for CASA decisions to be reviewed by an independent person, who can then make a recommendation to me that we should not do anything with the CASA decision or I should overturn it.

Senator O'BRIEN—The only problem I have is that the person is not really independent if they are in your office part of CASA's team. I can understand the concept.

Mr B Byron—They are still part of CASA. The next step would be to have someone out of CASA.

Senator O'BRIEN—Yes, it would. The minister would have to do that, not you. Wouldn't that be the case, Mr Byron?

Mr B Byron—Yes. There is, of course, the normal ombudsman office function. I initially flagged this as that type of function, but the Ombudsman naturally has copyright on that name so we have selected this title to indicate to people that there is someone that is independent. When we are talking 'independent', we are talking about independent of day to day line management. From the messages that I have had from industry, that is what they are looking for. That is why they have come to me directly on occasions.

Senator O'BRIEN—With the expansion of functions in Brisbane, will you add another office to your collection, Mr Byron?

Mr B Byron—No, Senator.

Senator O'BRIEN—You are not going to have an office in Brisbane?

Mr B Byron—There will be an office in Brisbane, and when I visit there I will be able to plug in my computer, as I do when I go to any other location in CASA.

Senator O'BRIEN—Can you explain the rationale for the change in the status of the legal services group?

Mr B Byron—Yes. I had a view, and discussed it with management through the course of last year, that we have, as part of the formal reviews that we conducted, an external assessment done of our legal services functions. The final conclusion that I came to—after finally discussing it with the chief operating officer and then the rest of the management team—was that there were examples of the legal services group providing legal support to people in safety management positions, like field office managers and that type of thing, where those field office managers actually had the wherewithal and the capability to make the right safety decision independent of legal advice. We felt that we certainly need a good internal legal advisory team to look after the provisions of the Civil Aviation Act to act as a corporate resource, but more as a support function than actively out in the field assisting the managers to make the decisions. That is really the thrust of it.

Senator O'BRIEN—Where are the legal officers based now?

Mr B Byron—Most of them are in Canberra. There is one in Brisbane, I think there is one in Perth, and Sydney. They are the locations that we are planning to move back into a central support function.

Senator O'BRIEN—Will Mr Ilyk head the diminished legal team?

Mr B Byron—Mr Ilyk is in that position now. There is no change to his position.

Senator O'BRIEN—Can you explain how your industry relations reforms will lead to improved aviation safety outcomes?

Mr B Byron—The regulations?

Senator O'BRIEN—I think you have described them as industry relations.

Mr B Byron—Yes.

Senator Ian Campbell—I think you described that in your opening commentary quite eloquently.

Mr B Byron—If I can try and answer the senator's question a bit further: it comes back to the role of the regulator. In my view people, at different times, have differing views about what actually is the role of the regulator and how safety results are delivered out there on a daily basis. It is my firm view, based on being out there in the industry and managing safety issues and trying to deliver the appropriate safety outcomes, that industry primarily deliver safety outcomes or, if they make a mistake, then they do not. CASA has a role not only to do policing activities, compliance and enforcement, but to get out there—as it mentions in the Civil Aviation Act—and assist industry to satisfy their safety obligations. Any closer working relationships at the right level and at the right time with industry can only benefit aviation safety outcomes. The use of safety system specialists to take a broader view in larger organisations, and the new planned field safety advisers—who would not do any of the compliance type of work, but actually work with industry about trying to help them lift their game—can only have a positive benefit on safety outcomes. I have seen that a number of times from an industry perspective and I think it is what we had some years ago.

Senator O'BRIEN—Will these field safety advisers have a reporting role if they see something that is wrong, or will they be screened off from that role so that they are seen as advisers rather than policemen?

Mr B Byron—A delicate balance. At the moment the people we plan to use in this role are the current safety promotion delivery people who have no compliance activity whatsoever. They are, at the moment, conducting seminars and that sort of thing. They may or may not, during their current activities, observe things. They generally see industry people in a more sterile training environment. Moving them into this role, where they are out there moving around the industry to a greater degree, obviously gives them potential to see things. We have to handle that one carefully. I would not like to see industry, having initially accepted the concept that 'people from CASA are here to help you', be disillusioned by thinking that they are an additional form of covert scrutiny on them. We will have enough people doing that sort of activity with increased surveillance, so it is going to be a balance, and I accept that we have to get it right.

Senator O'BRIEN—What do you mean by—I am quoting you and you have it in quotation marks yourself—'acceptable means of compliance'?

Mr B Byron—This is a fairly common term that is used in other aviation regulatory regimes and, in fact, other safety related regimes in different transport modes. At the end of the day, from an operator's perspective, there are different ways of doing certain things. One way might be right for one person, another for a different type of operation. A regulation should prescribe that there is a certain safety outcome required, but there may be different ways of doing it. For example, there may be different ways of having a fatigue management system to manage flight crew fatigue. That is a recognised concept now internationally. Certainly through ICAO and particularly some operators and regulators in Europe, and the UK in particular, they are looking at different models of a fatigue management system as the best way of achieving a safety outcome from that point of view.

In a way it is horses for courses. There will be different ways of doing things on the ground with a range of activities. What we plan to do, as they do in the UK and Europe, is publish an acceptable means of compliance. That basically means to the industry participants that if they do it this way they will achieve the required safety outcome. But there may be other means of compliance: for example, in the UK regulatory environment, if an operator comes up with a different means of compliance to satisfy the regulation, they can submit it to the regulator, have it assessed and, if it is acceptable, it will get logged and anyone else can use that second acceptable means of compliance. It is a very common concept in other parts of the world.

Senator O'BRIEN—All together, what is the cost of your reform plan to the organisation this financial year?

Mr B Byron—This financial year it will be within the current approved budget. You mentioned the contingency for redundancies of \$1.8 million. That is in the current year. We have approval within the long-term funding strategy into the next financial year for additional expenditure. I would expect, over the coming 18 months, that the total bill would probably be in the order of about \$5 million. The final detail of that has yet to be worked through, but that is the ballpark figure.

Senator O'BRIEN—Ballpark is \$5 million. What is the ballpark saving you are expecting?

Mr B Byron—Down the track the savings are in better safety outcomes. In terms of—

Senator O'BRIEN—Let us just talk about dollars. We have dealt with safety.

Mr B Byron—Yes.

Senator O'BRIEN—You have talked about what you think safety outcomes will be. Let us deal with dollars.

Mr B Byron—I have not set a target on that, but I expect there will be some efficiencies generated by combining staff in various locations, but they are not defined.

Senator O'BRIEN—Are there reserves to cover this cost?

Mr B Byron—Yes, Senator.

Senator O'BRIEN—So with respect to everyone sending me emails complaining about CASA's new charging regime, without knowing about your plans, you are not going to accept that they will now say these charges were to pay for these plans you have been thinking about for the last 10 months?

Mr B Byron—The regulatory services that we collect, the fees, are for the regulatory services that we provide. The changes that we have announced here are really related to our other functions, our core functions. We have an obligation, as we increase our charging regime for regulatory services, to make sure that we conduct those efficiently as well. I am optimistic, but I cannot guarantee at this stage that the total cost of providing the regulatory services that we have approval to charge for, that our total costs would come down. I would like to be able to think that in the future we may be able to make adjustments, but I cannot guarantee that at this stage. I understand why you are getting emails, because of the increase in charges, and no-one likes paying more.

Senator O'BRIEN—No. Some of the complaints we will deal with at another point, but certainly one of my colleagues was asking about \$50 for an ASIC photo and the like, on top of very high licensing fees. As I say, we will deal with that as an extra. Can you outline the nature of the extra checks to which small RPT operators and large passenger charter companies will be subject?

Mr B Byron—'Checks' is probably not the right word in the broadest sense.

Senator O'BRIEN—Tell Peter Gibson that!

Mr B Byron—Sorry?

Senator O'BRIEN—I am quoting the words of Peter Gibson.

Mr B Byron—Yes. There will be additional checks on some operators in the form of additional audits. When I took a look at some of the previous reviews of various accidents over the last decade, which I looked at as an industry participant, I went back to the Seaview royal commission and there was one recommendation which was made to CASA in about 1996, that ideally there should be checks done by an independent office on various operators, so it was not just the local office only looking after it. The spirit of that recommendation, in my view, was that there should be at times an independent check, second check on operators that might be considered at higher risk, operating in part of the industry at higher risk. So for operators that fit in that middle area we plan to have teams conducting a second check, a second oversight. But with the increasing number of resources at the front-line we would also have the opportunity to do more of the less formal surveillance activities.

Senator O'BRIEN—Did CASA undertake a special audit of charter operators and low-capacity operators in the late 1990s? That was before your time, but Mr Gemmell, or Mr Collins if he is here, may be able to help.

Mr Gemmell—Yes, Senator. I understand that a special review was done following the Seaview royal commission.

Senator O'BRIEN—So Mr Collins was involved in that work?

Mr Gemmell—I believe Mr Collins was involved in that work.

Senator O'BRIEN—Were both Transair and Whyalla Airlines part of that audit?

Mr Gemmell—I am told Whyalla was, but not Transair.

Senator O'BRIEN—Does the process you are about to embark on bear any similarity to that which occurred in the late 1990s? Perhaps you should stay at the table, Mr Collins. It would be easier.

Mr Gemmell—Yes, Senator, we do plan that there will be a sort of follow-up to that, except we intend to embed it. The 1990s one seems to have been done and then it disappeared and we did not do it again, so we are seeking to do something similar to that—we might change some of the details—and to embed it into our activities for the future.

Senator O'BRIEN—It didn't improve safety in the nineties, but you expect it will now because it will actually be followed up?

Mr Gemmell—I cannot say it did not improve safety. It was done and the safety results were whatever they were. We just think it is a valuable tool to follow through on and it would be better if we did it on a more regular basis than just as a one-off that we do every now and then.

Senator O'BRIEN—There will be regular extra checks on small RPT operators and large passenger charter companies?

Mr Gemmell—That is correct.

Mr B Byron—We are not talking about a one-off, as Mr Gemmell said. We are looking at a system change.

Senator O'BRIEN—Mr Byron, in one of the statements you issued on Friday you said:

The focus on smaller passenger carrying operations is based on the analysis of safety data over recent years.

I have to say, that is not a confidence-inspiring statement from the Chief Executive Officer of the Civil Aviation Safety Authority. It is based on the analysis of safety data over recent years and, because of that, you are going to focus on smaller passenger-carrying operations. It certainly implies that you perceive there is a problem in that sector.

Mr B Byron—We say 'historically', and the facts tell us that. If you look at a basic risk model which looks at a combination of the likelihood of something happening and the consequences of it, operators in that area, just due to the safety results, indicate a greater likelihood because there have been more accidents in that part of the sector than at the higher end. I believe we have an obligation to do something about that.

Proceedings suspended from 9.04 pm to 9.21 pm

Senator O'BRIEN—Mr Byron, you have said that CASA will use a greater level of risk analysis as a key tool to direct the allocation of resources. In the past, you have downplayed the significance of your operator risk model. Has the data that informs that model, or its methodology, improved recently?

Mr B Byron—We have a number of ways of assessing risk. The model that you talked about is one of the tools. The confidence that I have in that particular tool has not changed in the last six months. The key thing that we need to do to increase my level of confidence in

that tool would be to increase the datasets. It is fairly limited in the data that it has. In terms of other means of assessing risk, there is a range of issues, even down to the subjective view of the inspectors and the managers in the field offices.

In talking to them and talking about particular operators—looking at the information they have access to—I found that that is quite a useful, albeit flexible, risk analysis tool, but we are asking them to look at it from that point of view rather than saying, ‘Well, we’re going to go and do this operator exactly the same as that operator.’ In the field offices, what they actually do is sit down and talk about these things, and there may be a range of information they have access to that says, ‘No, that one there, on our assessment, is a higher risk because of A, B and C.’ The risk tool is a more structured approach but it is not mature enough to drive all our risk based activity.

Senator O’BRIEN—No doubt you have had the opportunity to review the *Hansard* after our last hearing. Have you refreshed your memory on the placing of Transair on your operator risk model ahead of the May 2005 Lockhart River tragedy?

Mr B Byron—The draft outputs of that risk tool talk about a number of operators, but it was not something that I was putting in front of me as a tool with which to make firm decisions. A number of operators came up with different locations.

Senator O’BRIEN—Did you refresh your memory?

Mr B Byron—Perhaps Mr Gemmell can answer that.

Mr Gemmell—I certainly refreshed my memory on the document in question. It was, in fact, a draft document. It was to show the CEO the sorts of outputs that could be produced from the tool. It actually used dummy information in some parts, because we did not have real information, and it was only intended to be an indicator of the sorts of things that could come out of the risk tool that was being tried. It was the document itself that went to the CEO. There could be no particular weight put on it, but the intention of the document was to show the types of information that could come out of the operator risk tool.

Senator O’BRIEN—I want to go back to what CASA told this committee during the May estimates. Mr Byron, you were not here; you were in Europe. Asked to confirm that CASA had recently performed a safety audit on Transair, Mr Gemmell, you said:

Yes, that is correct. We reissued Transair, the operator in question, with their AOC. We had performed an audit on them just prior to issuing the AOC.

Asked about the nature of the audit, Mr Gemmell, you said:

Again, the scope of the audit can vary but we are focused on looking at the systems that operate within an airline. That will include checking elements of the operation. In this particular case they actually flew some of the route sectors with the operator.

In the light of ATSB’s findings of longstanding breaches of the company operations manual, does CASA maintain that the 2004 investigation of Transair and the full audit in 2005 were both adequate?

Mr Gemmell—I can correct something I said. We did not fly some of the routes with the operator; we flew all of the routes with the operator, including the route in question where the accident occurred. I think it is fair to say that the language I used was to talk about the way

we look at the systems and the processes that they use. In effect, what we are doing is a sample audit of what they are doing. We look at lots of things.

Senator O'BRIEN—A sample audit? You said a full audit.

Mr Gemmell—I think this is where we are having some differences of view about what is involved. An audit—

Senator O'BRIEN—I am only quoting your words back to you. You said full audit then. Now you are saying sample audit.

Mr Gemmell—I am trying to explain to you, Senator, what audit we do. An audit that we do does not mean that we go in to learn everything about every aircraft operating on every single day for that operation. We go in and we look at various systems that are operating—in some audits, more systems than others—and we look at an operator at a particular point in time. In that case, it was early 2005. We look at elements of the system that we think are safety critical and we also utilise whatever intelligence we have.

Coming out of that audit we will give advice to the operator in relation to things that we saw that were in breach of the regulations and where they could improve their systems. It does not mean that we know everything about the operator. The presumption seems to be that, having done an audit, we will finish up knowing everything about the operator and every part of the system and, by the way, that is how it will be forever. None of that is true.

Senator O'BRIEN—Page 14 of the ATSB's interim report finds that no load sheet was retained at Bamaga when the aircraft departed, which was in breach of the company's operations manual. The report says:

Current and former employees of the operator reported that it was not routine practice for the load sheet to be left at Bamaga.

You just said that your officers flew every route. Is this not the sort of systemic breach your audit should detect?

Mr Gemmell—If we had seen it, Senator, we could have picked it up.

Senator O'BRIEN—If you had seen it, you should have picked it up.

Mr Gemmell—I will try that language again. If we had seen it, we should have done something about it. We have, in other cases where we have seen things like that, issued a request for corrective action. It could mean that we did not see it, because we did not observe that part of operation, or it could mean that it did not happen at that particular location at that particular time.

Senator O'BRIEN—Why did your audit fail to detect that the pilot in charge had not completed human factors management induction and recurrent training, again constituting a breach of the company's operations manual?

Mr Gemmell—It is not a regulatory requirement for human factors training to be done. I think that was explained to you by the ATSB. They added that requirement in anticipation of some rules that we were bringing through, which rules are still on the way.

Senator O'BRIEN—But you did not pick it up.

Mr Gemmell—I beg your pardon?

Senator O'BRIEN—No-one picked it up. There was no report that there was an error but it was all right because it was not required by regulations.

Mr Gemmell—This is one of those cases where they were doing something over and above—which is something we support—the regulatory requirements. I would have to check whether we picked anything up. We were generally aware of problems that they had in doing some of this training, but you would not give them a request for corrective action. They are not in breach of anything. They indicated that they wanted to do some training, and they had not done it, but it is not a regulatory requirement that they do it.

Senator O'BRIEN—So they put their operating manual in to CASA and CASA approves it but it is, in part, optional. Is that how I should understand your answers?

Mr Gemmell—Some parts of it are based on regulatory requirements, and that is the sort of stuff we try to follow through to make sure they are complying, and other parts are just things they want to do in their business that we would not necessarily pick up. We would still encourage them, as we do all operators, to do things over and above the minimum regulatory requirements, and lots of operators do.

Mr B Byron—As part of the normal audit process, plus the conduct of operational surveillance that we are starting to do, in addition to observing regulatory compliance, if our people see breaches in the way an operator is operating, in accordance with the operations manual they will raise those. They have a responsibility to raise those. They may not issue a regulatory deficiency or a request for corrective action but certainly I would expect that our inspectors, if they saw it, would say, 'Hey, your operating manual says this. You're not doing it. Fix it up,' and we would follow that up the next time we visited.

Obviously on that particular occasion, in assessing the various high-risk areas that they were looking at, including, as I understand it, flying eight sectors with the operator, they did not see that. That really falls into the category of what Mr Gemmell was saying. We try and look at what elements we should be having a look at with each operator. Some of those elements will change depending on what the intelligence tells us about the operator. On that particular audit, obviously that was not on the top of the list.

Senator O'BRIEN—Does this sort of occurrence lead you to the view that you should review your audit procedures? Or is this a factor that you are taking into account with the reforms that you are proposing?

Mr B Byron—Certainly the reforms will address this because, in the language I use, we are going to have more time on the tarmac, more time to conduct the systems audits, but more time to do what I would call product checking: double-checking that what the operator says they are going to do, they actually do. But in any inspection, be it an audit or other types of surveillance, there will always be a judgment call, on behalf of the local manager and the audit leader, as to what elements they are going to look at. As a result of the information that we have so far from the ATSB, some months ago we started to take a look at all operators of these types of aircraft to see whether or not they are conducting human factors training.

Senator O'BRIEN—When you say these types of aircraft, do you mean a particular type?

Mr B Byron—The small regional airline operators.

Senator O'BRIEN—How has CASA responded to the ATSB recommendations that relate to this tragedy?

Mr B Byron—We have made no formal response to ATSB on those recommendations at this stage. I had a discussion with the executive director of the ATSB not long ago and indicated to him that tabling the interim factual report not only gives his investigators the information upon which they are going to base their analysis, which I understand is what they are doing, but also gives us the opportunity to look at the factual information and determine if there is something that we should be doing in the meantime. We are currently assessing the factual information and determining whether there are things that we should be getting on with right now.

Senator McLUCAS—When will you respond to the factual report?

Mr B Byron—To the recommendations? I believe we have 60 days. We will certainly comply with that, Senator.

Senator McLUCAS—You said that when the audit was undertaken by CASA—and you were talking about the training, the human factors management training—you said your inspectors obviously did not see that. How do I know that? How can I confirm that?

Mr B Byron—We have the people that were involved in the planning of that audit here in the room tonight. Would you like to talk to them, Senator?

Senator McLUCAS—Who undertook that audit?

Mr B Byron—Who managed the teams that did the audit?

Senator McLUCAS—I understand I cannot get the report of the audit that CASA undertook in early 2005, so I actually do not know what your auditors looked at. You say they obviously did not see that the load sheet was not complied with, obviously did not see that people had not gone through the management training, so how do I know what they did do?

Mr B Byron—In relation to the load sheet, I have asked questions of the surveillance that they conducted on the flights they observed. There were certainly no deficiencies in the load sheet preparation and procedures on the flights that they did observe. I believe that on a previous occasion there was an observation of a flight where they saw that a load sheet was not left at another location and they issued regulatory action on that occasion.

Senator McLUCAS—To Transair?

Mr B Byron—Yes. In relation to the human factors training, as I was saying to Senator O'Brien earlier, in the preparation of the audit the manager and the lead auditor would have determined the elements that they were going to look at. On the basis of the information that was reviewed by Mr Gemmell immediately following this tragic accident, it became clear that they did not find that particular omission. I do not have information as to whether or not they looked at the records of other pilots, but we could certainly find out. I think your broader question is, 'What did they look at?' You would like to know the types of things that they looked at on the audit. We can certainly provide that.

Senator McLUCAS—So there is a list of issues?

Mr B Byron—There would have been a list of audit elements that they targeted. Certainly one of them was flying the line on eight sectors. An inspector flew with a crew or crews on at least eight sectors. When I saw that—I was debriefed by Mr Gemmell following his analysis of this in June—I said, ‘Is flying eight sectors a normal amount?’ To me, it seemed more than the normal observation of sectors that I have seen with these types of audits. The response I got was, ‘Yes, it was a bit more than normal but that was because this operator was taking over additional sectors,’ and they flew each of those additional sectors.

Senator McLUCAS—Why would they have gone to the trouble of actually getting on the aeroplane and going on those additional sectors? What would they have observed by actually physically being on the plane?

Mr B Byron—They would have observed the operating procedures of the pilots in flight, the conduct of any approaches that they conducted, the conformity of the pilots with their operating procedures. The inspectors certainly would have been expected to know what their operating procedures were. They would have had a copy with them. They would have observed their flight preparation, passenger handling and whatever else they did during the turnaround process.

Senator McLUCAS—What is different between Cairns-Bamaga-Lockhart-Cairns and Cairns-Normanton-Pormpuraaw-Cairns, in what you have just described? Why do you have to go on a different route to observe the same thing?

Mr B Byron—In the particular audit in question, my understanding is that they looked at the new routes that the operator was planning to conduct, because they were new routes and every different route presents different challenges, different circumstances, so our managers and our inspectors thought it would be a good idea to fly the new routes with them, to see if there were any issues there. That is a pretty sound process. From an airline operating perspective, when an airline gets a new route, it would be normal for the internal quality inspectors to fly initially with crews on the new routes as that extra check. In this particular case, CASA decided to do that as part of the scheduled audit. But I can certainly provide you with the other audit elements that were conducted during that audit.

Senator McLUCAS—I would very much appreciate that. So you are telling me, Mr Byron, that there is no penalty for the breach of the operations manual because the pilot had not completed the human factors management training?

Mr B Byron—There is no regulatory breach because it was not covered by a regulation at the time; but if it had been observed, our inspectors would have required the operator to operate in conformance with their operations manual.

Senator McLUCAS—Do you know if the co-pilot had completed that course?

Mr Gemmell—I believe the ATSB said no-one had, so I guess that is the answer. I do not separately know that but I believe I read that in the ATSB report.

Senator McLUCAS—Can you explain how, in your audit, you did not ascertain that the co-pilot who was on the plane at the time of the tragedy was not qualified for the type of approach that was commonly used going to Lockhart River?

Mr B Byron—Your question is: how did we not determine that? I think I answered that earlier: during the conduct of the previous audit presumably they did not specifically review that particular pilot's qualifications in the sampling they did.

Senator McLUCAS—Do you know, when they flew the Cairns-Bamaga-Lockhart-Cairns route, whether the same pilots were on that plane during the audit as were—

Mr B Byron—I will have to get advice on that.

Senator McLUCAS—Thank you.

Mr Gemmell—Senator, we have to get it checked, but we think it is most likely it was; the two crew in question were the ones that were flying the route at the time. I understand that the approach done on that occasion was a visual approach. They did not come in on the GPS approach.

Senator McLUCAS—That is not the normal approach used at Lockhart.

Mr Gemmell—Yes, a visual approach is, with the right conditions.

Senator McLUCAS—Yes, sorry, in the right conditions, but we often do not get the right conditions at Lockhart River.

Mr Gemmell—Yes, that is correct. But on the flight that our inspectors were on, it was a visual approach.

Senator McLUCAS—So during that inspection, whilst it was a visual approach, your inspectors would not have inspected or tried to ascertain whether or not the pilots on that plane were qualified to land in a different way, using the approach that they did on that terrible day?

Mr B Byron—The normal conduct of surveillance of this type would be to observe the way the crew was operating in the conditions that existed at that time. We are advised that when the surveillance of that particular location was conducted that it would have been visual and they would not have observed the crew conducting a GNSS approach. Had the crew been required to conduct a GNSS approach because of weather conditions at the time, I would presume—from my own knowledge—that it would have become apparent that the co-pilot was not endorsed at the time, but that was not the case on the flights that they observed.

It really comes back to the qualifications and ratings that the pilot held on his records—back at base in the logbook—and an analysis of that would have been the only way they would have turned it up, given the flights that they observed were visual approaches. I have flown into Lockhart River myself a couple of times and have been lucky enough to find decent weather and I have just shot a visual approach. If the weather is bad you would shoot a GNSS approach and ideally you would only do that if the crew is competent to conduct that approach.

Senator McLUCAS—I suppose what I am trying to ascertain is that just because it was a fine day on which CASA inspectors made an inspection, an analysis of the pilots' skills to land at Lockhart River on a fine day, they did not ask the next question, which was: if they do a GNSS approach, are these pilots qualified?

Mr B Byron—Well, Senator—

Senator McLUCAS—Which is not uncommon at Lockhart, to be frank.

Mr B Byron—Yes, but obviously not on the day that the—

Senator McLUCAS—But it is not uncommon, given the weather in Far North Queensland?

Mr B Byron—If I expected people to turn up that deficiency, it would not be done by observing the crew conducting the approach. It would be turned up during an analysis of the qualifications of the crew. That is where I would expect that to turn up. Conducting line operations surveillance in an airline environment, any inspector—be it an ICAO rated inspector checking a foreign airline, be it a CASA inspector or an FAA inspector—would not, during the conduct of the approach, check the paper qualifications of the pilot at that point. You would be observing them conducting the approach.

Senator McLUCAS—I recognise that once you are doing the approach you are not going to say, ‘Can you show me your other quals. Do you mind?’ But surely all of the qualifications of all of the pilots, including the co-pilot, should have been part of that fulsome audit.

Mr B Byron—Going back to expectations about what CASA does with its surveillance of the industry, we are trying to increase our surveillance so we can do more of what I call product checking—that is, checking more of the detail of the background information that you expect the operator, who has the ultimate duty of care, to have satisfied. When CASA goes in—and it has been this way forever and it is the same in an airline environment where an internal inspection crew conduct surveillance of other crews—it picks various elements it thinks are relevant to managing the risk of the operation. There is a range of them.

Senator McLUCAS—But surely training is fairly high on that list, you would imagine—or I would imagine.

Mr B Byron—No, you are talking about the operator. I am talking about what you actually look at when you go into the operation.

Senator McLUCAS—Yes, that is what I am saying. I would imagine that your assessment would look at the training of the pilots. It would be fairly high up that list of things to assess.

Mr B Byron—Ideally I would have liked that particular issue to have been discovered during an audit. It was not, simply because the way in which the audits are structured is to look at various elements. That particular item of detail would not have been the element on the day, otherwise our inspectors would be required to check everything of every operator and every aircraft. We just do not do that. The reason we do not do that is because we have certain obligations which we are trying to increase our performance in by having more time for doing this, but we expect the operators—who have that ultimate duty of care—to exercise the appropriate oversight of most of their issues. It is the same with Qantas, with Virgin Blue, with any airline.

Mr Gemmell—It might help if I add that the normal practice for us would be to go to an operator like this, pick two or three pilots and go right through their qualifications to make sure everything was right up to par and, if that turned out okay, that would be that. That is the point I was trying to make before—when I used the words ‘spot check’ or whatever words I used—that we do not go through and check everything. We go through and check some

things. If they look okay then that would suggest the system is in place to make sure all their qualifications are appropriate.

Senator McLUCAS—So when the fulsome audit of Transair was undertaken in early 2005, did that happen?

Mr Gemmell—Yes, I am told it did.

Senator McLUCAS—How many of the pilots at Transair?

Mr Gemmell—We do not know, but we will check.

Senator McLUCAS—Thank you. Ground school training now: you advised in an answer to a question on notice from me last year that the ground school training was undertaken by the organisation's chief executive officer—that is, Transair's. You said that there was no regulatory requirement for that to happen. Following the event have you gone back and had a look at Transair's ground school training methodology? Have you had another look at how that is happening, or did happen?

Mr B Byron—I believe we have. I will just double check.

Senator McLUCAS—Thank you.

Mr B Byron—The short answer is yes, we have gone in and taken a very comprehensive look at all these issues.

Senator McLUCAS—When you say 'all these issues' do you mean—

Mr B Byron—The training issues and, I imagine, there are other issues as well. There is an audit currently being conducted—

Senator McLUCAS—There is an audit currently under way?

Mr B Byron—Correct. There was surveillance and checking of procedures done in the latter half of last year as well.

Senator McLUCAS—To whom do you report that audit?

Mr B Byron—The local field office manager, who we have present in the room, would report any deficiencies through his normal chain of command, through the group general manager of Air Transport Operations, to the chief operating officer. It was felt that it was necessary—normally I get a summary of deficiencies every month, but certainly that would be scrutinised by the senior operational managers.

Senator McLUCAS—It is not made public.

Mr B Byron—It is not made public, no, Senator.

Senator McLUCAS—It is very hard for someone like me to feel confident or to know what is really happening. I am pleased that you are going to give me the audit elements for the 2005 audit. Is it possible to get the audit elements for this current audit to make some assessment? I am not sure, though, that that will tell me exactly what I want to know about the level of scrutiny that was conducted in early 2005 and now again.

Mr B Byron—We will certainly give you the audit elements that have been conducted on recent audits, but may I please reassure the committee that in the wake of a tragic accident

like this CASA does not wait until an independent investigation is done before we start to do things. We started to do things in June last year. They are continuing. There is a great sense of seriousness about the need to ensure that we do our job properly and that we instil the right degree of public confidence whenever elements of that confidence are affected. I can assure you that this operator, as a result of the accident, has been subject to questions from the oversight meetings that I conduct every month and that the chief operating officer does, and, as I think we have just said, there have been two activities of additional surveillance and audits that have been conducted in the last little while and are currently ongoing.

Senator McLUCAS—When you say ‘two activities’, there was some analysis done at the end of last year. Of what nature was that?

Mr B Byron—There was an audit conducted late last year. There have been at least five elements of what we call operational surveillance, which is a mixture of product checking and looking at some of the systems, in addition to the full systems audit that is under way at the moment. We are happy to provide you with the elements that are being looked at as part of that current audit.

Senator McLUCAS—In terms of the five operational surveillance activities, are there elements that you can explain to me of those activities that would give me an indication of what was being looked at?

Mr B Byron—Yes. Can I ask Mr Purdie to answer this directly, Senator.

Senator McLUCAS—Thank you.

Mr Purdie—The operational activities that were conducted were the full route network of what is called the Big Sky operation, which is Transair’s operation in New South Wales, currently an RPT operation. It looked at the flight operations activity from the pilot point of view, the cabin safety from the point of view of how the passengers are handled, and the port activities.

Senator McLUCAS—Just so I have got the language right, Mr Purdie: they are the operational surveillance activities that you were undertaking?

Mr Purdie—Yes. This was done before Christmas.

Senator McLUCAS—Is the current audit of the whole of the operations of Transair?

Mr Purdie—It is of Transair as a company but, like all the other audits, it is a sample check of certain aspects, certain elements, that have been selected.

Senator McLUCAS—And the checklist will give me an indication?

Mr Purdie—The audit element list, yes.

Mr B Byron—But certainly in the preparation of that audit, what I would expect and I am sure has occurred in this case is that an assessment of the areas that they should be looking at—the elements—would be on the basis of what the team up there think are the areas dictated by risk. It would not just be topics picked out of a hat.

Senator McLUCAS—There was a lot more information there that I did not know about that I am pleased to know. In the interim factual report from the ATSB there is a chart called the Jeppesen chart. It gives a number of parameters of the intended landing. Are aircraft

required by law or regulation to stay within those parameters? Can you give me an understanding of what those parameters mean?

Mr B Byron—I am happy to, Senator. The instrument approach chart depicted on that Jeppesen chart is the flight path in azimuth and in a vertical mode that, if flown within certain tolerances, will guarantee separation of the aircraft from conflicting terrain or obstacles. They are designed to make sure that aircraft conducting that approach and staying within those parameters can conduct the approach safely. Each approach at every different location varies because of the terrain considerations and obstacles. For example, somewhere down at Moorabbin airport near Melbourne, an approach could bring the aircraft to a fairly low altitude on a certain direction because there are no obstacles; it is pretty flat. In other areas, where there is mountainous terrain, you would expect that the minimum altitude the aircraft can descend to and the checks that it must observe during the descent may be different but tailored to the obstacles in the area.

I conducted many instrument rating tests and flown approaches with various people on this type of equipment a couple of years ago before I came here, and in other types of approaches, and when conducting those tests you make sure that the pilot understands the procedures for the approach. That means that they study the approach before they conduct it, they self-brief or, in the case of a two-person crew, they mutually brief—and this is the sort of ‘human factors’ type issue—so that there is an understanding of what the key issues are. That is, what is the track that they have to fly on the final approach, what are the altitudes that must be limited during various stages of the descent and, on a GNSS approach, the pilot has access to the distance to the next way point, which is a point in space but it relates to a geographical position.

As long as the pilot maintains the azimuth, the track which is displayed on one of the instruments, and then limits the descent at each stage of the approach to the limits that are prescribed on the chart and then when he gets to the bottom of the approach, which may vary in height depending on where the location is, has what we call the visual criteria acceptable for making a landing, then the approach will be conducted safely. If the pilot diverges significantly from the approach then you cannot guarantee a safe approach.

Senator McLUCAS—But the question I asked was: is the operator or is the pilot required by law or is the Jeppesen chart purely a recommendation of the rate of descent and the height from which you ascend?

Mr B Byron—My view is that it is mandatory. If a pilot deviated from the published approach—let us say it was in a testing environment—he would fail the test. In terms of the legal basis for that, I am advised there is no specific regulatory requirement that says you must fly that approach in that particular way or you must follow a published approach. From our point of view, as I mentioned earlier, if a pilot was observed to be doing that during a flight test, that would be immediate failure, but from a regulatory point of view we would take the approach that a person not following the published and approved approach is operating recklessly and certainly we would be pursuing that approach from a regulatory point of view.

CHAIR—He would be off the beam anyway, wouldn't he? If you are doing an IFR approach, you are either on it or you are off it.

Mr B Byron—There are two elements to it. There is the beam, there is the track, and from my recollection from reading the factual report, the track that was flown was very accurately the published track. Then there is also the vertical component, and certainly the factual information shows us that the aircraft was significantly deviating from the vertical profile. From CASA's point of view, if we came to information that indicated that a pilot was deliberately consistently flying at different from the published approach and breaking the requirements, we have powers under the regulations for operating recklessly. We would follow up that sort of thing if it came to our knowledge.

Senator JOYCE—With the Lockhart River tragedy, and from talking to other people, it was said that the weather to the east of Lockhart River on that day was fine. It was not raining as much. If they had more of an informal type of back-up system, such as a two-way radio—and people laugh, but we use that all the time around St George; a two-way radio in the plane to get a quick run-down if something is going wrong—that may have assisted somewhat. Even though it may not have been what you use in Brisbane, for those remote airports it can be of some assistance. Could you comment on that?

Mr B Byron—The aircraft was certainly equipped with two-way communication. With an airport like Lockhart River, there is no requirement for there to be someone on the ground to pass information. I am not sure whether this operator has an agent that can pass that type of information.

Senator JOYCE—That might be the question: there was not someone, or there was not allowed to be someone?

Mr B Byron—There was no requirement. The aircraft is classified—if I am correct—as a common traffic advisory frequency location, which means that it is a broadcast location. There is no requirement for there to be a controller on the ground. In areas where you have what we call a third party on the ground, like an air traffic controller in a tower, it does provide the opportunity for that controller to pass on extra information about the weather and that sort of stuff.

Senator JOYCE—If you had a local body or a local person, as they do in a lot of small airports—it might be the local policeman, or a local person around the airport—who said, 'Oh, the weather's fine here. It's a bit cloudy to the west. If I was coming in, I'd probably come in on an easterly approach,' it might keep you out of trouble.

Mr B Byron—There really would not be the option in this case, because the pilot during the descent obviously made the decision, on the basis of the forecasting and the observed conditions, that he needed to conduct an instrument approach. He had to come in on the direction that was published on the Jeppesen chart. Unless he got himself visual and could stay visual—clear of cloud and in sight of ground and water, and with adequate visibility—he did not have the option except to follow the published approach. In reality, and from my experience, people on the ground giving you informal weather reports can be useful, depending on how competent they are to conduct that observation activity. If I had someone on the ground saying, 'Look, the cloud is a bit low but there are a few breaks in it,' I would fly the published instrument approach and make my own decision when I got to the minimum because that is all I have to go on and ultimately I would be responsible for the safety of the

operation. I have nothing definite to be able to vary the approach. If he knew the weather was clear in another direction, unless he was actually in a clear piece of airspace and could maintain visual reference—see the ground and have plenty of visibility—that would be the only way in which the pilot would be able to avoid flying the published instrument approach.

Senator JOYCE—In regard to this tragedy and other alleged incidents—one plane was allegedly 16 miles off track coming into Canberra—and also the assertions that have been put forward by Dick Smith regarding the control of airspace—and I am not saying whether I agree with them or not—no doubt you are fully aware of a book that Dick has put out which I have seen here earlier.

Mr B Byron—Yes, I am familiar with it, Senator.

Senator JOYCE—Can you comment on the airspace control issue and the flaws, if there are flaws? Is he on the money?

Mr B Byron—In relation to the document published by Mr Smith, we are currently undertaking a review of it to see what the arguments put forward are. At the moment, the regulatory authority for declaring classes of airspace, which then dictate the service that can be provided within a class of airspace, is Airservices Australia. It is highly unlikely in any scenario that, if you look at the Lockhart River area—because of the traffic density that is there compared with the main trunk routes on the eastern states—there would be enough justification to reclassify the airspace. In that sort of environment, you are relying on pilots to observe published procedures, such as the instrument approach procedures that are published, to maintain an adequate level of safety in conducting their approaches. If they cannot conduct the approach and land visually, whether they have information from the ground saying it might be okay and that sort of thing, they have a duty of care to fly the published approach; if they cannot land visually within the prescribed minimum, then they have a requirement to give it away and conduct a missed approach. The broader issue of the airspace is a big subject. We would be happy to discuss that.

Senator JOYCE—Maybe at a later stage. I would like to specifically talk about Proserpine airport and airspace surrounding that.

Mr B Byron—Over the last couple of years we have had lots of discussions about airspace and different models and those types of things. We are all pretty well full bottle on various points of view. We would be happy to discuss it at some stage. At the risk of interrupting your question, Senator, in response to Senator McLucas, on advice I notice that under Civil Aviation Regulation 179, authorised instrument approach procedures to be used, it states:

The pilot in command of an aircraft when conducting an IFR flight must follow the authorised instrument approach procedures (within the meaning of regulation 178) for the aerodromes used.

So there is a regulatory requirement to fly the published instrument approach.

Senator McLUCAS—What regulation is that?

Mr B Byron—Regulation 179 of the Civil Aviation Regulations 1988. I am sorry, Senator Joyce.

Senator JOYCE—That is all right. I do not want to interrupt Senator McLucas's line of questioning on this issue. I would like an opportunity later to discuss a related issue of Proserpine airspace and security issues.

CHAIR—We are free and easy here, Senator.

Senator McLUCAS—Chair, I have a lot of questions that I have to put on notice, and I apologise in advance, but time has got away from me. Can I just ask about two specific issues?

CHAIR—Yes, that is all right.

Senator McLUCAS—I refer to an answer to a question from December that you possibly have seen—it was a question that I put to ATSB about an incident at Kowanyama to do with Aero-Tropics. Mr Byron, are you aware of that?

Mr B Byron—I am broadly aware of it.

Senator McLUCAS—I will try to encapsulate it quickly. The answer was that, yes, the plane did go off the end of the airstrip at Kowanyama; no, ATSB was not advised. The advice from ATSB was that they were not advised because the operator of Aero-Tropics was of the view that CASA had indicated that it was not a reportable incident. There seems to be a different point of view from ATSB and CASA. What I want to know tonight, if possible, is what you have done to ascertain who it was who spoke to the operator of Aero-Tropics to find out what was said and if you can tell me what was said, please.

Mr B Byron—I can answer part of that, but I will make sure that you get answers to all of it tonight. Regarding the issue of whether anyone in CASA provided advice to the operator or pilot that there was no requirement to put in a report to ATSB, we have vigorously questioned our staff on that issue. The unified advice that I have received is that no-one—no inspector or officer in CASA—provided that advice to the operator or pilot. In relation to the circumstances of the accident and what we have done, I will have to ask Mr Collins to respond to that.

Mr Collins—In relation to the question of whether our inspectors allegedly gave that advice to Lip-Air, as Mr Byron has said, we did ask the relevant inspectors in the North Queensland offices and everybody assiduously denied that they did. Apparently there was a conversation that went on about the requirement in the operations manual to advise CASA and ATSB. The bottom line is that, having had that conversation, having determined that the operator did not, in a timely manner at least, provide that information to the ATSB, the operator was verbally counselled that this was a requirement of the operations manual and they had to comply with it.

Senator McLUCAS—Was the operations manual of Aero-Tropics, in your view, clear enough to make it very clear to the operator that running off the end of a runway is a reportable incident?

Mr Collins—I do have to clarify some information: our investigations have determined that the aircraft did not in fact run off the end of the runway in an uncontrolled state.

Senator McLUCAS—Sorry, that might be my language, using ordinary English. Aviation has another language of its own.

Mr Collins—Yes, that is fine. I think the terminology implies that the aircraft departed the runway in an uncontrolled state.

Senator McLUCAS—I think that is called running off the end of the runway.

Mr Collins—My information is that the aircraft landed at Kowanyama fairly normally, albeit with the hydraulics problem they did not have fully effectual steering. Basically they exited the runway in a controlled state to ensure that normal operations at the aerodrome for other operators in other aircraft could continue.

Senator McLUCAS—So it was a controlled run.

Mr Collins—Yes. There is a difference.

Senator McLUCAS—My last question is one I asked at the last estimates about an alleged event that happened at Horn Island, once again with Aero-Tropics. Your answer to that was that you knew nothing of the alleged event because you didn't know the number of the aeroplane. Could you follow up and make inquiries to establish whether an incident involving an Aero-Tropics Piper Navajo WZN occurred at Horn Island Airport in April 2002?

Mr Collins—We will take that on notice and follow it up for you.

Senator McLUCAS—Thank you, Mr Collins.

Mr B Byron—Having heard your concerns about a range of issues, I understand that you intend to put a number of questions on notice. There is probably some protocol I have to go through to do this, but would it be useful if, once you have provided all those questions on notice, and we can see the areas of concern, we somehow work out a way of giving you a briefing on it?

Senator McLUCAS—I would still like it on the record.

Mr B Byron—Of course, yes.

Senator McLUCAS—Yes, I would very much appreciate that, Mr Byron. Maybe we could do it even before the questions on notice routine happens.

Mr B Byron—Yes. I understand your desire to understand more of the detail and the language and that type of thing.

Senator McLUCAS—Sure, thank you.

Senator JOYCE—I want to ask some questions pertaining to regional areas with regard to aviation or CASA policy about security. No doubt security is an issue of paramount importance today, but there is a feeling in some regional areas that it is really going through the process, that it is ineffectual and probably, at best, is just bureaucratic. I want to ask for a few comments, for instance, about the current security process with tags. I think it is \$175 for a security tag, which is something you need now if you go airside in an airport. That is correct, is it not, or something like that?

In a lot of regional airports—and I come from one and use it quite often—for all intents and purposes the airstrip is nothing more than a glorified paddock with an airstrip on it. There is a feeling, and I want you to comment on it, that if there is a need for security it is probably only in relation to the RPT or the regular passenger transport at the airport. If you have an

airstrip that only has landings two days a week as regular passenger transport, why is there a requirement for everybody coming out delivering chemicals and stuff like that to the other aviation people working at the airport to have to do this security check? If they really wanted to, if they had a criminal intent—and God willing we hope they do not—they are going to get there anyhow.

Mr Gemmell—I will try to answer it and explain our role in the issuing of security identification tags or whatever you want to call them. It is a pretty limited role. We do not have any say about where and who are required to have them. We only administer the process by which people get issued with those security passes. It is a thing we only took up late last year to help industry get these security passes. The Office of Transport Security, which resides in the Department of Transport and Regional Services, makes the judgments about what locations require security passes and when and where and how and why. We are just, if you like, a processing agency. We do not have any say on the security policy.

CHAIR—These questions, Senator Joyce, probably should have been asked earlier, and the opportunity will still be there to ask the Office of Transport Security.

Senator JOYCE—Yes. The next question is to the Office of Transport Security. It is a specific question and I know you cannot answer it but I will put it on the table. It is the issue about Cocos Islands airport.

CHAIR—Can I assist you further. Perhaps you can put the relevant questions on notice. That would be appropriate.

Senator JOYCE—Fair enough. What is more important is Proserpine airport. At Hamilton Island is it true that, at times, jets land without anybody in the control tower?

Mr B Byron—If that is the case it would be classified as a mandatory broadcast zone, which I believe is possible. We are nodding our heads. Yes, we believe Hamilton Island is—

Senator JOYCE—So at times a jet will land there without someone in there. I am naive, but isn't that just a little bit dangerous?

Mr B Byron—It comes down to managing the risk and what level of service is provided at various locations. Sydney airport has a lot of those jet movements so obviously there is a very high level of service. The control tower—

Senator JOYCE—I am glad you did not tell me there was no-one there!

Mr B Byron—No. I am not aware of the movements on Hamilton Island, but I would suspect that it is a fairly low rated movement of jet aircraft. The provision of air traffic services is something that Airservices Australia provides and has to take into account on the basis of the traffic, but it is probably best if that question is directed to Airservices. Where Airservices has not prescribed a class of airspace that requires positive control, then it is class G airspace within which, around an airport, can be a mandatory broadcast zone. I would assume—and I am advised—that Hamilton Island is a mandatory broadcast zone. The risks attendant with a number of aircraft at that particular airport are managed by the fact that no aircraft should be in that vicinity without carrying and using a radio, bearing in mind that presumably the traffic density is fairly low. If the amount of traffic increased significantly then there would be a case to increase the level of service and perhaps provide a tower, but

that would be the logic that has preceded the way in which that location is handled. Airservices would, if there was a need, change the airspace classification.

CHAIR—How do you review that traffic? Do you look at the log and see how many planes went in last month?

Mr Gemmell—If I could correct my CEO's terminology, they are not called mandatory broadcast zones since 25 November. They are now called CTAF(R)s, where mandatory radio use is required. It is the same thing but there was a change in the terminology.

CHAIR—Are you going home on your own tonight?

Mr Gemmell—Yes, probably. I'm wondering if I'll be going into the office in the morning!

Mr B Byron—The irony is that it was, I think, my involvement that created the term 'CTAF(R)'. It must be getting late at night, I am sorry.

Mr Gemmell—As a result of the changes that introduced the CTAF(R), in agreement with the airlines we had to review the operations in a whole range of locations around Australia that have, particularly, larger jet operations but other operations, which include Proserpine, Armidale and lots of locations. It is very easy to get information from Airservices about IFR operations. That is all your bigger aircraft and all your main operations.

Senator JOYCE—Is Armidale a CTAF(R)? So at times there would be no-one in the—

Mr Gemmell—Armidale is a CTAF, which means you can be non radio equipped and still go in there.

Senator JOYCE—So a jet could land at Armidale without somebody in the aircraft tower?

Mr Gemmell—There is no tower at Armidale. It is not uncommon for jets to land at locations in Australia that have no control towers at all.

Mr Mrdak—If you wanted to get a description of traffic services and the way they operate, Airservices officers are on after CASA. We could deal with this issue then in terms of airspace categorisation and service provision.

Senator JOYCE—Tamworth does have a tower and Armidale does not. What is the difference?

Mr Gemmell—It is to do with the volume of traffic and the mix of traffic. It is not just that a big jet goes in there; it is that a big jet goes in there with lots of other traffic. You have to put in a means of separation to ensure that there will not be an incident. If there is not much traffic around, they can just—

Senator JOYCE—Does weather come into it too, or altitude?

Mr Gemmell—To some extent, weather comes into it. If the weather is bad, Airservices will be giving positive services to all the aircraft in the air.

Senator JOYCE—Airservices Australia is a corporate entity, isn't it?

Mr Gemmell—It is a statutory authority.

Mr Mrdak—It is a statutory authority of the Commonwealth.

Senator JOYCE—I suppose it is required to make a commercial return. Would that be a fair statement?

Mr Mrdak—The government sets dividend targets and rate of return targets for the enterprise. It is not a full government business enterprise as such at this point.

Senator JOYCE—Would that ever affect how it operates?

Mr Mrdak—Not in that sense. Airservices reaches decisions in relation to service levels based on a whole range of parameters. The government then sets the rate of return target. The Air Services Act and the Airservices officers will be able to give you more detail. The primacy under the legislation is safety. Safe operation and the provision of air traffic control and rescue and fire fighting services is its prime outcome. On top of that, the government sets rates of return on assets and the like in terms of operating as an entity.

Senator JOYCE—Once again, if you are wondering where I am drawing this from, this is Dick Smith's question. Can you explain to me the air traffic control mechanism going into Proserpine airport. Is it true—and I am trying to ask this from memory—that there is an uncontrolled airspace directly above the airport which then goes into controlled airspace at some distance above it—I am going to say 10,000 feet or something like that—and that this could be an issue of concern?

Mr B Byron—We are not aware of any particular reason to have concern about the structure of airspace over Proserpine. It is true that at that location, like a lot of others, there is uncontrolled airspace immediately in the vicinity of the aerodrome and that there is, as there is throughout all of continental Australia, controlled airspace at some point above it. That really gets down to the classification of the airspace at that location. I think the Airservices team are probably the best to direct that question to.

Senator JOYCE—I am not trying to be tricky.

CHAIR—This committee might have to go on an inspection of these holiday destinations to check all this out!

Senator JOYCE—In that case, I want to raise some major problems with Christmas Island airport!

Senator O'BRIEN—Mr Byron, I wanted to ask about your European trip in May and June last year. It was a trip that kept you away from the May budget estimates. You have provided an itinerary in answer to a question on notice. I think on most days there appears to have been one meeting. Is that right? Is that a proper summary of your itinerary?

Mr B Byron—Yes.

Senator O'BRIEN—On 30 May you were checking your email?

Mr B Byron—There was a need for me to respond to a number of pieces of correspondence, so at some stage I had to deal with that.

Senator O'BRIEN—Do you approve your own travel? I presume that is the case. It is your decision.

Mr B Byron—Yes, it is.

Senator O'BRIEN—In November you advised us that you were preparing an answer that accounted for the costs associated with the trip. What did this trip cost? I am only asking about the costs incurred by CASA, not any private costs.

Mr B Byron—That was a question on notice, wasn't it, Senator?

Senator O'BRIEN—Yes, that is right.

Mr B Byron—We have provided the answer to that, but I do not have it here in front of me. At some stage, the requirement for that has been provided.

Senator O'BRIEN—If we have it, I have not seen it. Would you say that your organisation got good value for money?

Mr B Byron—I believe it did, because of the information that I got and the various contacts that I made and what they will lead to. The regulatory reform issues in particular I think are significant. I was particularly interested to find out the way other regulatory regimes conduct the development of regulations but also the way they conduct their oversight of different types of industry. The sport and recreational aviation industry was an area of interest but also the airlines—the low-cost carriers—and that type of thing. Over a period of time, I would like to think that I will be applying what I got out of that trip to improvements in CASA.

CHAIR—I guess if we benchmarked it with other study trips taken by other people in this building, you would finish on top. No comment!

Senator O'BRIEN—You may be right, but I have not seen those acquittals. Mr Byron, have you always properly acquitted your travel according to CASA procedures?

Mr B Byron—There was one occasion last year where the acquittal was late. It was fully acquitted but it was late.

Senator O'BRIEN—Other than that one not being on time, there was a full acquittal?

Mr B Byron—It was fully acquitted, but there was a particular occasion when one was late.

Senator O'BRIEN—The committee has received a letter from you, Mr Byron, dated 7 February regarding the Acumen Alliance matter. It advises:

The Acumen Alliance employee's conflict of interest was appropriately recognised and dealt with in the procurement process in conformity with CASA protocols.

What does that mean?

Mr B Byron—It means that the potential for a conflict of interest was isolated.

Senator O'BRIEN—How was the conflict recognised?

Mr B Byron—How was it recognised?

Senator O'BRIEN—Yes.

Mr B Byron—The potential for a perception of a conflict of interest would be that a member of Acumen Alliance was engaged in some of the work that was being conducted as part of the analyses of the studies that I was undertaking at CASA at the time.

Senator O'BRIEN—So it was dealt with by—

Mr B Byron—The chair of the audit and risk committee.

Senator O'BRIEN—Who stands the person aside from part of the process? Is that how it works when you say 'isolated'?

Mr B Byron—Yes. Sorry, the person that was working within CASA, which could have generated the perception of a conflict of interest, was isolated from the procurement process. They were not part of the decision making. I received assurance of that by the independent check that I commissioned.

Senator O'BRIEN—Can you provide the committee with a copy of CASA's procurement guidelines?

Mr B Byron—Certainly, Senator.

Senator O'BRIEN—Do you think it is appropriate for an employee of a company contracted to your organisation to head a team that lets a contract that is won by the employee's employer?

Mr B Byron—Given that that could be a potential for a perception of conflict of interest—

Senator O'BRIEN—At the very least.

Mr B Byron—that person was not heading the team in that sense. In other words, that person had nothing to do with the allocation of that contract. They were not heading the team in that sense.

Senator O'BRIEN—You had commissioned advice from Ms Yeoh for the last estimates hearing in October. When did you receive that advice?

Mr B Byron—I would have to check. I am pretty sure it was after Christmas, at some point in the new year.

Senator O'BRIEN—How long before you responded to the committee?

Mr B Byron—I responded to the committee on about 3 February. In preparation for estimates, I remember asking whether or not we had sent that on and made sure that we did it.

Senator O'BRIEN—In relation to that, was there a reason for the delay, a reason that you did not immediately respond to the committee when you got that report?

Mr B Byron—No, Senator, there was no specific reason for that.

Senator O'BRIEN—In relation to the market-testing exercise, what functions were tested?

Mr B Byron—A range of functions within the organisation were tested. I will have to provide you on notice a full and comprehensive list. For example, we conducted certain HR functions, certain finance functions, the legal services area audit and risk, property management, so a range of support functions. Would you like me to provide you a more comprehensive list?

Senator O'BRIEN—Thank you, yes. How were the suppliers of these services selected?

Mr B Byron—I would probably have to take that detailed question on notice, but I know that they went through a procurement process following CASA's procurement procedures; but I will have to give you the detail of that.

Senator O'BRIEN—Do you know what efficiencies, if any, have been realised from this process so far?

Mr B Byron—We will be determining that as we move on but I do not have a figure in front of me that I could give you. We believe and have identified that certain areas will throw up some efficiencies by the changes implemented by these reviews.

Senator O'BRIEN—The minister has failed to answer several questions on notice—1466 and 1467—relating to work undertaken by KordaMentha. Has KordaMentha undertaken consultancy work in relation to the chief financial controller and the CASA IP?

Mr B Byron—Yes, Senator, back in early 2004.

Senator O'BRIEN—What has been the worth of that work, if I can put it that way?

Mr B Byron—The main part of that work was the financial due diligence activity that I asked for, which also focused on CASA IP. The simple answer would be that I ended up requiring CASA IP to be delivered, as it has been delivered, below the original budget that was approved by the previous CASA board, some \$2 million under the original approved figure. That would probably be the most tangible benefit of that work.

As a result of that work I put considerable pressure on the development of the CASA IP program and insisted that it be delivered to replace the legacy systems that it clearly was capable of doing, but I made that a formal requirement. I also insisted that savings be generated and at the end of the day they generated it with a \$2 million reduction in the amount of costs for it. That has been completed and delivered.

Senator O'BRIEN—Has KordaMentha been contracted to do other work?

Mr B Byron—No, Senator.

Senator O'BRIEN—What services have Kyriakidis Recruitment Services provided to CASA?

Mr B Byron—Kyriakidis consultants provided a search for two positions, I believe, for the new group general manager team.

Senator O'BRIEN—How much have those services cost CASA?

Mr B Byron—Kyriakidis and associates were paid \$132,921.

Senator O'BRIEN—Could you tell me what the KordaMentha work cost?

Mr B Byron—Yes. The final figure was \$142,000.

Senator O'BRIEN—How was Kyriakidis Recruitment Services selected?

Mr B Byron—I used a resource within the human resource part of CASA, who effectively was an experienced Canberra based HR consultant used by CASA for some time, to provide advice on recruitment firms that we could use. At the end of the day, I was provided with a list of five companies that we could use for a search. We ended up selecting Kyriakidis as one of those companies. There was another company also selected for other appointments.

Senator O'BRIEN—On the basis of what?

Mr B Byron—The activity was done under the requirements of the CASA procurement guidelines. I was provided with an analysis and advice as to which companies I should use for the different searches. Kyriakidis and associates were chosen for the two positions that they undertook, on the basis of their expertise. But as I recall, we evaluated five and picked two of them after a competitive assessment, and Kyriakidis was given two of those positions to recruit, or search.

Senator O'BRIEN—Was the ASIC extension for pilots announced by Mr Truss on 12 December an admission that the government and CASA in particular had botched the process?

Mr B Byron—I would not put it that way, Senator.

Senator O'BRIEN—How would you put it?

Mr B Byron—I would say it is an acceptance of the fact that we needed the time to conduct the processing, given that the processing is fairly extensive, for the high-volume numbers that we have to process.

Senator O'BRIEN—The ASIC extension only applies to pilots who have lodged an application before 31 December?

Mr B Byron—Correct.

Senator O'BRIEN—So it is only because there has been some problem with processing their applications. Is that right?

Mr B Byron—I will ask Mr Gemmell to give the detail on that one.

Mr Gemmell—We took up being an ASIC issuing authority on 1 November and had to put our processes in place. The applications were coming in quite slowly and it was clear that between us, the AFP and all the other agencies involved, we simply were not going to get through the volumes required. The extension, from our perspective, simply reflected the fact that we were—

Senator O'BRIEN—Surely CASA was expecting a certain volume of applications?

Mr Gemmell—We did not really know. We had never been an ASIC issuing authority before. ASICs have been issued for many years by lots of agencies. How many people needed to come to CASA was somewhat unclear to us. As it has turned out there have been thousands.

Senator O'BRIEN—How many were you expecting to process?

Mr Gemmell—We would have thought thousands, but we looked at the potential for people to come to us. Who needs them? We know where they are required, but how does that translate to numbers of pilots? We did not know. How many were not able to get them from their local airport authority? We did not know. How many could not get them through other mechanisms that had been made available? We did not know. We were not too sure, but we know now. Either way the thousands were beyond us. The Federal Police were not going to get through their police checks in time; we were not going to be able to get through our processes in time.

Senator O'BRIEN—How many ASICs has CASA issued to pilots?

Mr Gemmell—To 11 February, 710.

Senator O'BRIEN—What sort of delay are pilots experiencing once they lodge their application form?

Mr Gemmell—It varies, depending on when they lodged it. Most lodged their applications prior to 31 December and we are on a major campaign to move these licences through before the 31st of March deadline.

Senator O'BRIEN—It has been suggested to me that CASA had a quality control problem. Is that correct? Have all applicants received the correct identification cards?

Mr Gemmell—We are working through a new process with this. It is not error-free. We are caught in a bind of, on the one hand, wanting to move through a big volume and, on the other hand, having to assure quality on this stuff. Yes, we have had an occasional quality problem which we have to go back and fix. You cannot afford too many of these with ASICs.

Senator O'BRIEN—What can you tell me about the role of the Aviation Safety Forum?

Mr B Byron—The Aviation Safety Forum was established in 2000 as an industry strategic advisory body to the then CASA board. With the departure of the board in late 2003, it effectively became the industry advisory strategic body to the CEO. We have quite a bit of information about the Aviation Safety Forum on our website. It has a charter, membership, and proceedings and minutes are all published on our website.

From my point of view the biggest benefit is being able to get a group of people who agree to operate as advisers to CASA, but with the benefit of being industry based, on the understanding that they do not look after their own patch but can think across the whole range of issues that CASA is responsible for and to try and give opinions about the conduct of CASA functions, allocation of resources and those types of things. For example, one of the tasks they have done is recently is to have input into the CASA corporate plan and I have most recently asked them to look at the issue of classification of operations—the policy—which was previously approved under the CASA board and we are taking a fresh look at it.

Senator O'BRIEN—Are the members of the forum listed on your website?

Mr B Byron—Yes.

Senator O'BRIEN—How are these members selected and appointed?

Mr B Byron—Through two mechanisms, either CASA management—normally through corporate affairs—will recommend a name on the basis of their contacts with industry, or sometimes the chair of the ASF will suggest a name, but that is then put through the internal mill to be determined. Mainly what we are looking for are people who do not want to come and push their own industry sector wheelbarrow but who can work collaboratively with other industry people. The term we use with them is 'We want your expertise as individuals.'

Senator O'BRIEN—Do these members receive any remuneration or allowance?

Mr B Byron—All members have airfares paid for when they attend meetings. They get overnight accommodation. The chair of the forum is a remunerated position on a per diem basis.

Senator O'BRIEN—Can you tell us the costs that are associated with the forum? Presumably CASA bears those costs.

Mr B Byron—Yes, CASA bears the cost, which I can give you. In financial year 2004-05 the total cost was \$33,663. To date, financial year 2005-06 it is \$14,799.

Senator O'BRIEN—I have a question about CASA instrument No. 579 of '05 which relates to polishing of an aircraft. Can you tell me what was the impact of this instrument and also why it was revoked 11 days after it was made?

Mr Gemmell—Yes, I can. The instrument was created because we were trying to assist industry in terms of the supervision of aircraft polishing. There had been a few issues—

Senator O'BRIEN—The supervision of aircraft polishing—what is that?

Mr Gemmell—The essence of the problem is that aircraft polishing means different things to different people. There is aircraft polishing which is a wet rag on the nose of a Cessna and there is aircraft polishing that has very significant impacts on the airworthiness of an aircraft. Where aircraft polishing can have impacts on the airworthiness of the aircraft there is a proper oversight arrangement put in place and a regulatory requirement. We are trying to widen the scope of the supervisory arrangements for that.

We created an instrument. It was a very simple thing. We were going to allocate more people to supervise. When industry saw this a storm broke out, frankly, because they were concerned that what we had done was introduce a licensed maintenance engineer's oversight of, you know, a pilot with a wet rag. In many ways they were misreading the legal instrument that was there but because so many people misread it that way, there was a great deal of concern and confusion, so I thought the best thing to do was revoke the instrument and take the problem away and come back later with revised or, at the very least, explanatory material about what it applied to and what it did not apply to. We were trying to assist the industry. What we did was create a great storm over virtually nothing, so I revoked the instrument and we will fix it up at some other time.

Senator O'BRIEN—Notice of proposed law-making process or something.

Mr Gemmell—The essence of it is to make sure we have some advisory material in plain English. I have some sympathy because it was not a particularly easy instrument to read and therefore we have to put out an instrument in plain English that says what it applies to and what it does not apply to so that people do not get concerned about it. The underlying issue that it did strike is some confusion about at what point—you know, the ones at the high end and the low end of polishing, and at some point in the middle—and it should say at what point that is. Apparently it is pretty unclear in aviation at the moment so we have to clarify that.

Senator O'BRIEN—Thank you very much for that.

[10.51 pm]

Australian Maritime Safety Authority

Senator O'BRIEN—Mr Davidson, can you confirm that the Australian Transport Council has agreed to alter the jurisdictional basis for vessel safety regulation?

Mr Davidson—The answer is yes. Which particular area are you interested in?

Senator O'BRIEN—In essence, this is a change from voyage based regulation to tonnage based regulation.

Mr Davidson—Yes. They have agreed to use a tonnage measurement as the basis for regulating the vessels.

Senator O'BRIEN—How will this change be enacted?

Mr Davidson—There will be legislation brought forward to parliament to effect the change to the Navigation Act. That will determine—and other legislation that is also covered by it—and indicate that the vessels above 500 tonnes will fall under the jurisdiction of AMSA and below 500 tonnes will be at the state level.

Senator O'BRIEN—What is the timetable?

Mr Davidson—Do you want me to be an optimist or a pessimist on this? I hope it is some time this year.

Senator O'BRIEN—Some time this year?

Mr Davidson—That the legislation will be introduced.

Senator O'BRIEN—Optimistically, but realistically just before Christmas. Is that what you are saying?

Mr Davidson—Optimistically, will be introduced, yes.

Senator O'BRIEN—Will stakeholders be given an opportunity to comment on the draft bill before it is introduced?

Mr Davidson—There will be a normal consultative process that we go through with any legislation like that. There will be a regulatory impact statement. There will be consultation with the industry, as there has already been, in quite a widespread fashion. We will be working with our state counterparts to identify quite specifically those people that will be directly affected, who operate on the boundary conditions. We will be targeting them and looking at the issues that might affect them in some way.

Senator O'BRIEN—Will jurisdictional responsibility for occupational health and safety and/or workers compensation in the maritime industry also change from a ship voyage basis to a tonnage basis?

Mr Davidson—That matter is currently being considered by the workplace relations portfolio.

Senator O'BRIEN—I understand the Australian Transport Council has also agreed to implement new national maritime emergency response arrangements. Can you outline what they are and explain AMSA's role?

Mr Davidson—Yes, they have. The arrangements, essentially in the face of dramatically declining incidents that warrant a commercial salvage response, are to be retained in Australia and essentially, around the Neville committee inquiry arrangements, the ATC has signed off on the development of an emergency towage regime that will be administered by AMSA. We have already contracted for a dedicated vessel that will operate within the particularly sensitive area of the Torres Strait and the Great Barrier Reef; basically Cairns to Thursday

Island. We are currently in the process of looking at tenders and tendering in relation to the coverage of the Australian coastline with a total of eight regions where we will be contracting for arrangements which are essentially standby arrangements with existing towage capacity. AMSA is charged with putting in place the regime.

Senator O'BRIEN—Cairns is the only location for emergency towage that has been finalised to date.

Mr Davidson—That is correct. That has been contracted. The vessel will not arrive until July this year.

Senator O'BRIEN—How was the contract price determined for this vessel?

Mr Davidson—We went to open tender. We received tender responses from seven companies. It was an open tender process and we then selected, based on performance criteria, the best value for money offer. It was highly competitive.

Senator O'BRIEN—There is a current navigation aid contract in place at the moment. That is right, is it not?

Mr Davidson—That is correct, yes.

Senator O'BRIEN—Is that for the whole coastline or just North Queensland?

Mr Davidson—That covers all marine navigation aids that are the responsibility of AMSA.

Senator O'BRIEN—What is the current contract price for that contract?

Mr Davidson—I will need to take that on notice.

Senator O'BRIEN—How long has this service been contracted out?

Mr Davidson—Three years.

Senator O'BRIEN—Who has that contract?

Mr Davidson—A company by the name of AMS, Australian Maritime Systems.

Senator O'BRIEN—How have emergency towage services been provided until now?

Mr Davidson—Basically they have not. There is no formal regime that deals with a vessel that is disabled by virtue of a breakdown and is drifting. There is no regime in place. The owner will attempt to secure a commercial arrangement with the relevant towage providers in the vicinity of where they are.

Senator O'BRIEN—Looking at other sites around the country, is AMSA seeking to utilise existing vessels and people? That is, will emergency towage line up with the existing port contracts?

Mr Davidson—That is our absolute desire, Senator. With respect to the tender process we put in place, we are talking to the port authorities and working with state counterparts to ensure that to the maximum extent possible we can leverage off the port contract arrangements or indeed any of the offshore support operators that are also available to do that kind of work.

Senator O'BRIEN—Is it intended to establish other emergency towage arrangements elsewhere?

Mr Davidson—As I said earlier, we have got the dedicated vessel in the Great Barrier Reef and Torres Strait. We will have what we call tier 2 arrangements in about eight other locations and that is down the coast, say, Mackay, Brisbane, Sydney—not specifically those ports but city based areas. We have broken up Australia into regional areas and we are looking at north-west Australia and south-west Australia, South Australia, Vic-Tas region; and those areas will be contracted basically on a roll-out process linking into existing haul towage contracts that are being considered at the same time and also on a priority risk approach.

Senator O'BRIEN—Over what period?

Mr Davidson—I would hope that we have most of it finalised by the end of this year, early next year.

Senator O'BRIEN—Can you outline AMSA's role with respect to a major oil spill involving the bulk coal carrier *Global Peace* a couple of weeks ago? How was AMSA notified about the incident?

Mr Davidson—I will have to come back to you on that. It was a tug operation within Gladstone Harbour. The tug had a failure and caused the vessel to discharge inadvertently by puncturing the side of the vessel about 25 tonnes of heavy fuel oil. Immediately the port based response was mobilised and, being within the port authority under the national plan for oil pollution response, John Watkinson from Maritime Safety Queensland took over as the spill commander and mobilised the national plan. Under that framework there are pre-agreed contingency arrangements and AMSA fills in certain roles in that. In this case it was support. We deployed equipment and some people to assist but essentially most of the work was done within the port and within the Queensland resources. There were some observers from New Zealand, who wanted to come and observe. I think we also arranged for Western Australian people to go across there to get contemporary experience.

Senator O'BRIEN—There was a collision between the tug and the tanker. Was AMSA required to determine the seaworthiness of the *Global Peace*?

Mr Davidson—Yes, Senator. That is under our port state control regime.

Senator O'BRIEN—Is it AMSA's role to ensure that crews are tested for alcohol and drug impairment?

Mr Davidson—If we believe that there is a situation that warrants it, yes, we would do that.

Senator O'BRIEN—Did that take place in this circumstance?

Mr Davidson—That is a matter that would come under the port jurisdiction at the time. I do not believe it was, no.

Senator O'BRIEN—Does that mean that there was no suspicion that alcohol or drug impairment was a factor?

Mr Davidson—No. The anecdotal evidence and observed evidence was that there was a failure of equipment on the tug, which slewed around and damaged the vessel.

Senator O'BRIEN—Where is the vessel now?

Mr Davidson—I am not sure, but it has been repaired. I believe there was an arrest on it, so I am not sure whether it has departed, loaded or whatever. I know that it has been repaired. I saw photos of the repair work.

Senator O'BRIEN—What are the international conventions covering vessels of this type? They are treated differently from oil tankers, aren't they?

Mr Davidson—Compensation liability issues are covered under what is called the Limitation of Liability for Maritime Claims Convention and there will be a process for recovering the costs through that convention. However, Australia requires a ship with a gross tonnage of 400 tonnes or more entering an Australian port to be insured to cover the owner's liability for pollution damage, so we insure and we inspect for the proper insurance arrangements. There is a bunkers convention which is either under development or has just been completed and Australia is looking to be a party to that and that will be a strict liability regime where the insurance regime pays, rather than a prosecutable arrangement—you do not sue to get your money back.

Senator O'BRIEN—Is there anything better that can be done to protect the environment in these circumstances?

Mr Davidson—I think that Australia's national plan is pretty comprehensive. It works hand in glove with the states. We have intergovernmental agreements, and the response illustrated that we have a very robust arrangement in place in Australia and one to be proud of.

Senator O'BRIEN—During our last meeting, Mr Davidson, I asked some questions about the vessel *Thor Hawk*, which carried ammonium nitrate between Port Kembla, Newcastle and Gladstone. I asked about AMSA's inspection of the vessel, with particular reference to a crane breakdown in Newcastle. The vessel was inspected by AMSA in Newcastle and allowed to sail onto Gladstone. I understand that the crane was condemned at Gladstone. When I asked you about this fact at that time you said:

I cannot comment on that. I am not aware of it at the moment.

Are you in a position to comment now?

Mr Davidson—I do not have all of the details with me, but I can provide a proper report to you on that. I am aware of the vessel. If I recollect correctly, a crane wire parted. You said it was condemned?

Senator O'BRIEN—Yes, at Gladstone.

Mr Davidson—I will need to get back to you on that. I do not have the material here.

Senator O'BRIEN—When do you think you can get back to us with that?

Mr Davidson—In accordance with the normal processes, Senator.

Senator O'BRIEN—Not a day later? All you are saying is that you have not brought it with you, aren't you?

Mr Davidson—I have not brought it with me. That is right.

Senator O'BRIEN—It is only a matter of doing the paperwork, not finding information. Is that right?

Mr Davidson—Yes.

CHAIR—Is that the end of this segment?

Senator O'BRIEN—It is. It is the end of my questions to AMSA.

CHAIR—This saga will continue on Friday, unless something extraordinary happens tomorrow.

Committee adjourned at 11.07 pm